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NEWS SUMMARY

GENERAL

Mason to hold Dublin talks

r. Roy Mason, the Northern Ireland Secretary, is to hold talks on Ulster policies in Dublin next week with Mr. Michael O'Kennedy, the Irish Foreign Minister.

The meeting is aimed at reducing tension in Anglo-Irish relations and is expected to provide a basis for discussion between Mr. James Callaghan and Mr. Jack Lynch, Irish Prime Minister, when they attended the Copenhagen EEC summit next month.

In Belfast yesterday a group of civilians prevented a doctor tending two terrorists who had been injured in a gunfight with soldiers. The doctor was allowed to treat an undercover plainclothes soldier hurt in the same incident.

In Washington a group of 18 Irish-American political figures condemned violence in Northern Ireland and what the group claimed were British violations of human rights there. Back and Page 4

Bulgarian air crash kills 73

Bulgarian TU-134 airliner crashed yesterday afternoon on the Yugoslav-Romanian borders while flying between Sofia and Warsaw. Sixty-six passengers and seven crew were killed.

Rhodesia talks

Rhodesian Government officials are to meet British and U.S. representatives in South Africa today to discuss the internal black majority rule agreement, it was announced in Salisbury. Mrs. Thatcher asked to endorse settlement, Page 4

Lonrho security

Lonrho has appointed former Chief Superintendant Kenneth Etheridge, 51, the Scotland Yard officer who brought Mr. John Stonehouse back from Australia, as a financial and general security officer. Mr. Etheridge was involved in police investigations of Lonrho after a critical Department of Trade report.

Schools closed

Three schools in Telford new town, Shropshire, and a school in Leicester, closed yesterday because of unruly behaviour by pupils.

Winter again

Winter made an unexpected return with snow and ice causing havoc from the West Country to Scotland. Two people were killed and seven others injured in a Northants coach crash.

Gold Cup date

The Piper Gold Cup and Daily Express Triumph Hurdle, victims of snow at Cheltenham, are to be reopening and run on April 12. To-day's racing, Page 20

Space Record

Soviet Salyut-6 orbiting space laboratory cosmonauts Yuri Romanenko and Georgy Grechko landed in Soviet Central Asia 96 days and 10 hours after blast-off—the longest space flight ever made.

Istanbul blast

Six students died and 44 were wounded in a bomb attack at Istanbul University. Police said the bomb was thrown at Left-wing students.

Briefly . . .

Zaire military tribunal sentenced 19 soldiers and civilians to death for plotting to overthrow President Mobutu.

Mr. Leo Tindemans, Belgian Prime Minister, is in hospital after being taken ill on Thursday night.

Ladbrikes report a flood of money for the Right majority to win the French General Election and have shortened the odds to 1-3. The Left coalition 2-1.

Vietnam accused Cambodia of launching a big offensive in what it described as a "grave escalation" of border fighting. Page 2

BUSINESS

Equities up 4.4; gold off $2\frac{1}{2}$

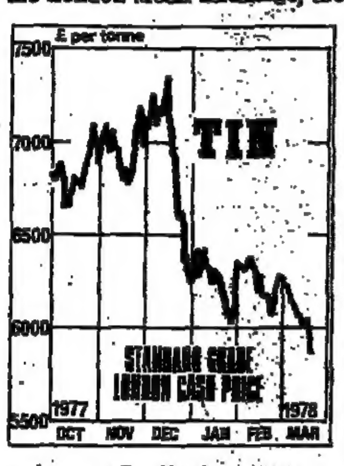
● LEADING EQUITIES rallied after a hesitant start. The FT 30-Share Index closed at the day's best of 458.3, up 4.4.

● GILTS maintained their firm tone, the FT Government Securities Index rising 0.07 to 76.03.

● STERLING gained 75 points against the dollar to $1.9145, but its trade-weighted index was unchanged at 64.3. Dollar was weak, its trade-weighted depreciation widening to 5.58 per cent.

● GOLD fell a further $2.50 to $183.625.

● TIN prices fell sharply on the London Metal Exchange, the



cash metal slipping £170 to £5,865 a tonne—the lowest level since July. Page 39

● WALL STREET was up 0.60 at 759.18 near the close.

● JAPAN had a record current account surplus of $1.92bn. last month. Back Page. Japanese business hit by Yen rise, Page 4.

Money supply growth slows

● U.K. MONEY SUPPLY growth slowed down last month to a rate more in line with the Government's aims, but the increase so far this financial year remains well above the target range. Back Page. Editorial comment, Page 22

● STEEL-USING industries in the U.K. are supporting a plan to for ma new group to speak with a single voice in negotiations with steelmakers and with the EEC Commission. Back Page. Conference report, Page 7

● PHILLIPS PETROLEUM has made a new oil discovery between its Toni and Thelma fields in the North Sea. Page 7. New surge of development activity expected: controversy over refining policy, Page 6

● AIR FARES within the U.K. will rise by up to 12½ per cent. from April 1.

● PAY OFFER by building and civil engineering employers has been rejected by union leaders. Page 10

● MONOPOLIES Commission is being allowed more time to investigate moves to take over Redfearn National Glass, in which both Rockware Group and United Glass have expressed an interest. Its report, which had been expected by March 21, is now due by April 15.

COMPANIES

● BP reported lower net income of £304.1m. (£338.1m.) on a new accounting basis. Page 25 and Lex

● BOC International faces the threat of a rival bid for control of Airco. Martin Marietta of the U.S. announced that itis holding talks with Airco representatives. Page 27

● WILKINSON MATCH shareholders will be asked to-day to vote on the Board's proposal to acquire True Temper of the U.S. The deal, which would give Allegheny Ludlum a 44.4 per cent. stake in Wilkinson, has already been appaoved by pension fund shareholders. The meeting will be at the Dorchester at 11.30 a.m.

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES:

Treasury 12% 1983 £109¼	+	½
Alexanders Discount	230 +	5
Beecham	622 +	12
Bell (A.)	224 +	6
Booker McConnell	223 +	8
Britannic Assurance	180 +	4
Bury (R.)	87 +	5
Crescent Japan	141 +	5
EIS A	282 +	6
Home Counties News	64 +	4
Howden (A.)	171 +	4
Lewis (J.)	185½ +	3½
Lucas Inds.	267 +	5
Mackinnon of Scotlnd.	37½ +	5
Marchwell	232 +	4
News Intl.	260 +	12
Rowntree Mackintosh	378 +	8
Smurfit (J.)	189 +	4
Waring & Gillow	84 +	4
Wilkes (J.)	53½ +	4½
Wolseley-Hughes	187 +	5
Oil Exploration	212 +	8
Whim Creek	50 +	5

FALLS:

Gold Fields Prop.	73 −	5
Reed Intl.	112 −	8
Blyvoor	315 −	30
De Beers Defd.	327 −	10
Elandsrand	201 −	14
Kloof Gold	445 −	28
Randfontein Estates	£34 −	1½
Union Corp.	272 −	6
Venterspost	208 −	18

ITALIAN CRISIS: VOTE OF CONFIDENCE FOR ANDREOTTI GOVERNMENT

Hunt for Moro kidnappers

BY DOMINICK J. COYLE AND PAUL BETTS; Rome March 16

BOTH HOUSES of the Italian Parliament to-night swung their support behind the new minority Christian Democrat Government of Sig. Giulio Andreotti, in the wake of the kidnapping here to-day ofSig. Aldo Moro. He was five times Prime Minisetr of Italy and President of the Christian Democratic Party.

A confidence motion in support of the new Government programme was being rushed through both houses of Parliament.

Italy's trade union leaders, who were already meeting to consider aspects of the new Government's economic programme, immediately issued a television call for a General Strike in protest at the kidnapping, to end at midnight to-night. But they urged those in essential services, including transport and communications, to remain at work. The Milan Bourse was effectively shut, as dealers and their clerks ceased activity. The lira declined six points against the U.S. dollar in early trading.

Sig. Moro, 61, one of the country's most powerful politicians, was the principal architect of the political formula which on Monday led to the formation of the fourth administration, under Sig. Andreotti, thus ending a two-month-long Government crisis. The formula involved, uniquely, the association of the country's powerful Communist Party with the new Government.

Direct political considerations were not thought to be behind this morning's kidnapping. Responsibility for the attack, in which five policemen died in a hail of bullets, has been claimed by the Left-wing extremist group, the Red Brigade, some of whose leading members are standing trial in the northern city of Turin charged with subversion against the State. A number of murder charges are also pending.

A statement phoned to news agency offices within two hours of the kidnapping said that the movement had now struck "at the very heart of the State." Subsequently, an anonymous calelr claiming to represent the Red Brigade said that Sig. Moro would be killed within 48 hours if the Turin accused and other sympathisers already in prison were not released.

Sig. Moro's official car, accompanied by an escort vehicle with security police, was ambushed shortly after he had left his home in a northern Rome suburb on his way to attend a special session of Parliament

Up to 12 terrorists using three cars are thought to have been involved in the ambush, some of them wearing uniforms and, according to Interior Ministry sources, carrying Czechoslovak and Russian-made weapons. Sig Moro's car and the escort car were sprayed with up to 20 bullets

The security forces immediately threw a massive cordon around the area and additional reinforcements were drafted in the immediate vicinity supported by police helicopters. Road blocks were set up in a number of areas and special precautions were taken at all sea and airports.

Live television coverage of the special session of Parliament had just started when news of Sig. Moro's kidnapping reached the Chamber. The session was immediately adjourned, and Sig. Andreotti called an emergency Cabinet meeting.

Leading spokesmen of all the main parties expressed horror at the kidnapping and were virtually unanimous in concluding, in the words of a veteran Republican leader, Sig. Ugo La Malfa, that "without doubt we are now in a state of war. . . . The terrorists want to destroy the democratic state."

Following special meetings of the central leadership of the country's three main parties, the Christian Democrats, the Communists and the Socialists, there were appeals for an end to polemics and for solidarity in the face of this latest challenge to the State. Sig. Benigno Zaccagnini, the Christian Democrats' general secretary, urged the Government to use whatever force was necessary to tackle the situation.

Kidnapping in Italy in recent years has become virtually commonplace—averaging about one each week—but the attack on Sig. Moro, who is known to be in frail health, is the first direct assault on Parliament, in the sense of involving a national politician.

Other developments and profile of Moro Page 2. ● A nation in turmoil Page 22

Israeli forces mop up guerillas

DAVID LENNON reports from Marjayour in Israeli occupied South Lebanon, March 16

ISRAEL'S 25,000-STRONG invasion force spent its second day southern Lebanon cleaning up isolated pockets of Palestinian resistance in its drive to clear the guirella presence from the area south of the Litani River. But the troops were finding the task a painstaking one.

As they continued with the operation begun on Tuesday night, Mr. Menahem Begin—Israel's Prime Minister, was sounding out the U.S. Government on the possibility of eventually replacing the Israeli troops with some kind of international force.

In Washington, Mr. Simcha Dinitz, the Israeli Ambassador, suggested that the Lebanese Army might police the area, although the U.S. is know to believe it incapable at present of undertaking such a responsibility.

The Israeli troops, backed by armour, artillery and air cover, were kept busier to-day than they had expected in their drive to clear all Palestinian fighters out of the area.

The troops, however, were careful not to cross the Litani River beyond which are 30,000 troops of the Syrian-dominated Arab peace-keeping army.

It is tacitly agreed between Israel and Syria that the triver constitutes a "red line" which neither intends to cross.

As the Israeli ground forces spread out all along the 60-mile border with Lebanon, they came under sporadic but persistent shelling from Palestinian units north of the river.

Israeli artillery and aircraft were busy throughout the day trying to silence the Palestinian positions.

These included their Crusader Castle, Chateau Beaufort, which still threatens northern Israel, as well as the town of Nabatiya and other points across the river.

The Palestinians appeared to be trying to provike the Israeli troops into crossing the Litani River, thus increasing the possibility of a direct confrontation with the Syrian troops.

Clearly, however, Israel is determined not to be drawn into any such trap.

Minefields

Israel's drive into southern Lebanon was not without loss. The Army announced to-day that 11 Israeli soldiers had been killed and 57 wounded in the first day's fighting.

Israel also said that about 100 guerillas had been killed by its ground troops, though the number who have died under aerial and artillery bombardment in camps and urban areas around Beirut may be higher.

I toured the eastern sector of Israel-occupied south Lebanon this afternoon. Tanks and armoured personnel carriers disabled by land mines lay litted on the road.

A soldier guarding some damaged vehicles explained that, while the Israeli soldiers had encountered few Palestinian guerillas, they had ru ninto a number of deep minefields laid by retreating guerillas.

Most of the Palestinians appeared to have retreated while a few had gone into hiding.

"Those who were hiding are beginning to feel hungry and are coming out into the open. This led to a few small clashes during the day." I was told. I saw one blind-folded prisoner being driven back to Israel.

Israel's determination to continue the operation until the entire area south of the Litani River is clear of guerillas and the guns to the north are silenced, was demonstrated by the column of shell-laden trucks which continued to move across the border.

As night fell, Israeli troop carriers could be seen moving northwards while disabled vehicles were being sent back to Israel for repairs.

Major Saad Hadad, commander of the small Christian militia in the region, complained this afternoon that the Palestinians were still directing their fire at his villagers, and not at the Israeli troops.

As we spoke, a shell landed near Marjayoun's main square, but this did not appear to disturb the villagers, who were waving and happy to talk with visitors.

Other developments Page 3

Anger over Lucas move to shut Liverpool plant

BY ARTHUR SMITH

LUCAS AEROSPACE provoked an outcry on Merseyside yesterday with the announcement that it is to phase out production at its Liverpool plant, employing 1,450 workers.

Unemployment on Merseyside, at 11.3 per cent., is already nearly twice the national average. Decisions by national companies to shut operations there have put at risk some 7,000 jobs in recent weeks.

The Lucas move is part of a restructuring exercise which will involve closure of five production facilities and a net loss of nearly 2,000 jobs over the next two years.

The company stressed last night that workers would be offered alternative employment, generous re-location allowances, and much of the shake-out could be achieved through natural wastage over the two years.

The unions reacted angrily, threatening to fight the rationalisation plans and obstruct the transfer of work.

Mr. Ernie Scarbrow, secretary of the Lucas Aerospace shop stewards' combine, insisted that the 2,000-job reduction was only the first instalment.

"The real aim of the company is to get rid of twice that number and leave us with only 8,000 workers," he claimed.

Lucas has made it clear that the decline in civil and military orders would make re-organisation of its aerospace company necessary. Proposals put to the employees yesterday were:

● Gradual transfer of work from the Victor Works, Liverpool, to the Birmingham factories—a move which could create 500 new jobs in the Midlands but cause a net drop in employment of about 1,000.

● Phased closure of the Bradford and Shipley facilities, employing 750. A new plant producing electric actuators and small motors will be established at Bradford. This will cause a net loss of jobs, but figures have not been given.

● Closure of the Coventry foundry, employing about 40 workers.

● Shutdown of the Hemel Hempstead Number Two building. The stewards say some 500 design and development staff have been promised work in the Number One building, but redundancies are feared.

Workers at the Victor Works last night expressed anger at the news. A meeting has been called for to-day to consider a response.

Mr. Jack Creamer, a senior steward, said colleagues in Birmingham would be urged not to accept the transfer of work.

Another significant move was a declaration by the Lucas national negotiating committee of the Amalgamated Union of Engineering Workers' white-collar section to "oppose closures and redundancies with every means at its disposal throughout Lucas Industries."

The initiative for militant action will have to come from the Victor Works, and employees will no doubt watch developments at British Leyland's Speke plant, where shop stewards are seeking support for resistance to the shutdown of TR7 assembly operations.

Last week-end, General Electric Company said it would shed 670 jobs by closing its Liverpool electric cooker plant. Birds Eye has issued dismissal notices to 1,200 workers at its Kirkby factory.

● Sir Kenneth Thompson, chairman of the Merseyside County Council, emphasised that the Lucas move was entirely connected with rationalisation. It was in no way to do with labour relations on Merseyside.

Merseyside jobs under threat since the beginning of the year:
JAN. 17—Meccano announces toy plant rationalisation—400 jobs
FEB. 15 Leyland announces closure of Speke TR7 factory—3,000 jobs
MARCH 7—Birds Eye issues dismissal notices at meat pie factory—1,200 jobs
MARCH 11—GEC to close cooker plant—670 jobs
MARCH 16 — Lucas Aerospace closure—1,450 jobs
Booth Concrete Merseyside close-down—100 jobs
Cammell Laird outfitting cutback—100 jobs

Labour News Page 10

'Secret company' criticised in Court Line report

BY MARGARET REID

EXTENSIVE criticisms of a secret Bahamas company set up by some directors of Court Line, the collapsed holidays group, and of an indemnity the group gave to its merchant bankers concerning share purchases, are made in the Department of Trade inspectors' final report on the group.

A spokesman for the Trade Department said last night that the report had been referred to the Director of Public Prosecutions, "as often happens in these cases."

Of the Court Line group, which failed in August 1974 leaving thousands of holiday-makers stranded, the inspectors say that its "overall management was throughout inadequate and never supported by the necessary financial control."

Mr. John Young, who was managing director, is by the inspectors described as undoubtedly the group's dominant personality. The inspectors are Mr. James Comyn QC, now Mr. Justice Comyn; Mr. Douglas Morpeth, a leading accountant; and Mr. John Hamilton.

Mr. Young is described as having a "markedly optimistic" approach to business, which undoubtedly influenced his fellow directors. They could not, however, be absolved of blame for allowing a position where the Board acted largely as a subber stamp, says the report.

The inspectors concluded on balance that the group's 1973 accounts did not give a true and fair view as required by the Companies Act 1948. The accounts received only a very limited qualification from the auditors, Robson Rhodes.

The report adds: "It appears to us that whenever there was a doubt about the possible method of application of accounting practice, Court Line chose the method which reacted most favourably on profit."

The inspectors consider that in two cases, that of a loan to an individual and the position over the indemnity to Bankers' Trust International, there wa sa deliberate attempt by the directors to deceive the auditors and shareholders.

The English Institute of Chartered Accountants is setting up a sub-committee to study the report. This will examine any criticism of individual members. Robson Rhodes said last night that it adhered to its audit opinion, expressed solely on the information available to it in 1974.

Referring to the existence of "an insoluble liquidity problem" at Court Line in 1974, the inspectors say that the problem existed at the date of its 1973 accounts. It was not highlighted in the balance sheet "because of the way in which the figures were presented."

The inspectors do not state that Court Line was not a going concern for accounting purposes at the time of its last accounts.

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CONTENTS OF TO-DAY'S ISSSUE

FEATURES

FT SURVEYS

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Spiralling political violence in Italy feeds on frustration

BY PAUL BETTS

ROME, March 16

CRIME, including kidnapping, is commonplace in Italy. But while there has been a growing spiral of ordinary and Mafia-inspired crimes over the last 12 months, there has simultaneously been a more sinister escalation of politically-motivated violence. The kidnapping of Sig. Aldo Moro, the Christian Democrat Chairman, in a Rome street this morning is the latest and undoubtedly most daring act of political terrorism to date.

Last year, according to Interior Ministry statistics, there were 2,013 terrorist attacks in Italy. Kidnapping averaged one a week and sometimes as many as three a day including that of Sig. Francesco de Martino, son of the veteran Socialist leader, abducted and subsequently released in Naples last year. In the last two months, according to the Rome anti-terror special police squad, some 50 new subversive groups both on the extreme Left and the extreme Right have appeared on the spectrum of political violence. It is reliably estimated that there are some 200 different extreme extra-Parliamentary groupings in Italy, all with provocative if somewhat unmemorable names.

Most feed on the disillusionment and frustrations of tens of thousands of students without job prospects and crammed in universities now transformed into what slogans on the street walls call "factories of unemployment." The human misery in the depressed south and in the working class ghettoes of northern industrial cities fuel this frustration. Some are said to have links with other movements outside Italy, many are supplied with Czechoslovak arms.

Sig. Moro was victim of the "Red Brigades," the extreme Left-wing movement generally regarded as the most aggressive of the subversive forces now at work in Italy. Last Friday they assassinated a policeman in Turin. They have murdered four other people in the last 12 months including a leading Turin lawyer and the deputy editor of the Turin newspaper La Stampa. They have also "kneecapped" several leading public figures, journalists, industrialists and lawyers. They have, as they stated in their communique after the bloody kidnapping of Sig. Moro, declared war on the state.

The kidnapping of Sig. Moro is part of the movement's current aim to block the controversial trial of its so-called "ideological" leaders which opened in Turin last a week. On two previous occasions, the movement succeeded in having the trial blocked by intimidating the city of Turin through a concerted policy of urban terrorism. Two years ago, Sir Francesco Coco, Procurator General of Genoa who was investigating the abduction in 1972 of another magistrate by the Red Brigades, was shot dead only days before the trial was due to open.

Last year, following another terror campaign, the court was unable to constitute a jury. Finally, after enormous difficulties in forming a 14-man jury, the hearings opened last Thursday.

The defendants were manacled together in chains and caged inside a steel box in the large hall of a Turin barracks transformed for the occasion into a court. The city of Turin was practically under a state of siege with more than 4,000 special police troops. The trial which is scheduled to resume on Monday, is unanimously regarded here as a test case for the state, and the Red Brigades are clearly attempting to inflict the biggest defeat the Italian state has ever faced in the last 30 years by preventing the trial from taking place.

One of the policemen shot dead in the ambush.

Sig. Aldo Moro

The Red Brigades, who are believed to have links with the West German Baader Meinhoff movement, have openly declared in what they term as their "balance-sheet" that their activities have laid the basis for a civil war in Italy. They attack the trade union movement and the Communist Party claiming that they have betrayed the "proletarian revolution." They assert the need to undermine the state and to attack the ruling Christian Democrat party which is the "heart of renewed imperialism."

From the very beginning, the Red Brigades, whose active members are now believed to number between 700 and 800, have seen themselves as an armed "marxist" group fighting in the name of popular forces against the fundamental structures of Italian society—including the apparent political truce with the Communists now directly supporting a new Christian Democrat administration. They emerged and fed on the discontent of the more extremist elements following the student revolt of the late 1960s and at a time of the so-called "strategy of tension" when extreme, right-wing inspired terrorists attempted to destabilise the country.

Since the Red Brigades a whole series of other groups, of similar orientation but clearly not as well organised nor armed, have emerged on the Left. There is, for instance, the so-called Nucleus of the Armed Proletariat, who are active in Rome and Naples. The Red Brigades have until now principally acted in the north industrial belt of the country.

The extreme Right too has its own breed of terror groups, some with links in the Franco days with Spain, others deriving inspiration from the Mussolini and the Hitler era. But in political terms they are more isolated. They are often the spark used to justify a concerted wave of violence by the Left extremists.

Data exchange agreement in East-West arms talks

BY REGINALD DALE

A LONG-awaited step forward has finally been made at the stalled Vienna talks on East-West force reductions, now almost five years old. After months of argument, the Nato and Warsaw Pact countries have agreed on a formula for exchanging data on the strength of their forces in central Europe—an essential prerequisite for the start of substantive negotiations.

The move comes as both East and West are showing increased awareness of the need to be able to report progress in arms control negotiations when the UN special session on disarmament opens in New York in May.

It coincides with optimistic statements by the U.S., the USSR and U.K. yesterday in Geneva, where the three powers are negotiating a new treaty banning all testing of nuclear weapons.

The data exchange in Vienna is regarded as "helpful and encouraging" by Western diplomats, even if there has been no change in either side's basic negotiating position.

It is still generally felt that there will be no major break-through of substance in the force reduction negotiations (MBFR) until Moscow is confident that a new strategic arms limitations agreement (SALT) will be both signed by the U.S. and successfully piloted through Congress.

Since last year, the West has been pressing the Warsaw Pact to give a more detailed breakdown of its force levels in central Europe at the 19-nation Vienna talks.

The NATO countries do not believe the Warsaw Pact figure of only 805,000 for its ground forces in the area, which is about 125,000 less than the total of around 930,000 suggested by Western intelligence. NATO puts its own ground forces in central Europe at 777,000.

Under the new formula, both sides have broken down their total figures into operational units, such as divisions and brigades, and headquarters and support staffs. The Warsaw Pact has still not, however, accepted Western claims that there is "disparity" between the two sides—the Pact's detailed figures still add up to the same lower amount that NATO is challenging.

The West is insisting on the existence of "disparity" so as to press its demand for bigger force reductions on the Warsaw Pact side. Nevertheless, the NATO countries may now feel that the ground has been cleared sufficiently for them to launch a new initiatve in the talks.

A Soviet spokesman in Vienna yesterday rejected any suggestion that a Western decision to hold back on production of the so-called neutron bomb could be traded against Soviet concessions in other disarmament fields, according to Reuter reports.

In Geneva, the three powers negotiating the comprehensive nuclear test ban treaty said they had made substantial progress in eight months of negotiations. "A number of important points have already been agreed, and on some outstanding issues the differences between the positions of the participants have narowed," they reported to the 30-nation Geneva disarmament conference.

Western sources do not, however, expect the new treaty to be finally agreed until after the UN disarmament session, scheduled to last until late June.

Two Soviet cosmonauts touch down

By David Satter

MOSCOW, March 16.

TWO SOVIET cosmonauts completed man's longest journey in space to-day and returned to Earth, softlanding the descent vehicle of their Soyuz 27 space ship in a predetermined area in Soviet Central Asia.

The Soviet news agency Tass said that Yuri Romanenko and Georgi Grechko, who linked their Soyuz 26 space ship with the Salyut 6 space station on December 10, came through their 96-day space mission in good physical form. The previous record for manned space flight was 84 days set by the crew of a U.S. Skylab in 1974.

The news agency said that before leaving the Salyut 6 space station, the cosmonauts closed down the on-board systems allowing the space station to continue its flight in the automatic mode.

For more than a month after their arrival on board the Salyut 6, Mr. Romanenko and Mr. Grechko carried out scientific and technical experiments. They were joined at the space station on January 11 by cosmonauts Vladimir Dzhanibekov and Oleg Makarov in the first double docking in space history. On March 3, the Soyuz 28 space ship, carrying Soviet cosmonaut Alexei Gubarev and Czech cosmonaut Vladimir Remek docked at the space station.

Distillers launches appeal against EEC price ruling

BY DAVID BUCHAN

BRUSSELS, March 16.

EEC OFFICIALS disclosed today that the Distillers Company (DCL) last week made its long expected appeal to the European Court of Justice. The appeal is against the Commission's ruling last December that DCL's dual pricing of its spirits was illegal under Rome Treaty rules.

Court officials in Luxembourg commented to-day that a judgement was most unlikely before the end of the year, given that the average case there now takes nine months to resolve.

The U.K. company always made it clear that it would appeal within the necessary three month period, once it had seen the full Commission ruling. Even so some EEC officials to-day expressed surprise at the appeal, lodged on March 8. Following the Commission decision in December, DCL raised its U.K. prices on its Black and White, Vat 69, Dewars, Johnnie Walker Black Label, and Antiquary brands, to align them with the prices it charges on the continent. It also withdrew the Johnnie Walker Red Label and Dimple Haig brands from the U.K. market.

At the time, the Commission was clearly taken aback by the methods DCL chose to comply with its decision. It had hoped that prices in the rest of the EEC would be brought down to U.K. levels. It was then announced it would study the legal implications of DCL's new pricing policy, in particular whether the withdrawal of the two brands from the U.K. market constituted an illegal abuse of dominant position.

But EEC officials said to-day they had no idea when they might reach a conclusion.

Greek party in jeopardy

By Our Own Correspondent

ATHENS, March 16.

THE UNION of the Democratic Centre, which was the ruling party in Greece from November 1963 to July 1965, appears to be in danger of breaking up.

Formed in the early sixties by the late George Papandreou, the party was badly beaten in last November's general election. Last month, a leading member, former Minister Mr. Athanassios Canellopoulos, quit to become an independent.

Earlier this month, Mr. Ioannis Zigdis, who was elected chairman of a three-member provisional ruling committee following the resignation of Mr. George Mavros as party leader, expelled five leading members of the parliamentary committee of the party. They had accused him of exceeding his competence and the mandate he had been given and charged him of trying to run the party dictatorially.

Moro kidnap strikes at heart of the political system

BY OUR OWN CORRESPONDENT

ROME, March 16.

BY KIDNAPPING Sig. Aldo Moro, the "Red Brigade" Left-wing extremist movement has struck at the heart of the entire Italian political system.

Either by coincidence or for general political effect, Sig. Moro was kidnapped on the way to a special session of Parliament this morning in which a unique form of Government—of which he was not directly a party but was effectively the man who made it all possible—was to be approved.

It was indeed the Christian Democrat Party Chairman, formerly five times Prime Minister, who was instrumental in ending Italy's latest two-month Government crisis with a political formula which will, for the first time in 30 years, see a Christian Democrat minority administration, supported by Communists.

Sig. Moro, the 61-year-old leading Christian Democrat politician from the southern region of Puglia, was also responsible for the other main significant shift in post-war Italian politics. In the 1960s he devised the so-called called "Centro-Sinistra" or "Centre-Left" formula linking the Christian Democrats—who had by then lost their virtually automatic electoral majority—with the Left of centre Socialists.

A Professor in Jurisprudence who has maintained his regular lecturing commitments at Rome University, he is perhaps the Christian Democrat most trusted by the Communist Party. He is regarded—at least until now—as the most likely candidate to become the next President of the Republic when President Giovanni Leone steps down at the end of December. A leading member of the Communist Party Central Committee recently said informally that his party would certainly back Sig. Moro.

For the faction-torn Christian Democrat party, Sig. Moro is regarded as the party's "miracle maker," the only real Christian Democrat "philosopher" and the only man to have been able to maintain the delicate political balance at a time of growing influence of the Communists.

Even those members of his own party opposed to his political positions, often ambiguous and cloaked in a language now generally known as "Moroteismo," regard Sig. Moro with a sentiment of awe and respect given to no other Italian political figure.

Those close to Sig. Moro look upon him as a fatalist. For 30 years, he has been at the centre of power in Italy and during that time he has seen the dramatic if gradual political changes which overcame the country. He was the first spokesman of the Right to have openly advocated the overture to the Left.

While always maintaining the traditional anti-Communist position of his long-ruling party, Sig. Moro, himself a profound Catholic, realised that Italy was, so to speak, ungovernable without a policy of collaboration, not compromise, with the Left.

He could be said to be the only Christian Democrat politician never to have been scarred by scandal. At the same time, he is undoubtedly the intellectual leader of his party. His capacity for work is enormous. He likes to plot every conceivable long-term implication of even the smallest alteration in party policy. It was he, even more than the Prime Minister Sig. Giulio Andreotti, who in the latest 54-day Italian Government crisis devised the tortuous strategy which now sees the Communists inside the parliamentary majority.

Impeccable in manners, Sig. Moro is usually behind the headlines rather than in them. Although a southerner, residing in the port of Bari, his temperament is that of a northerner. He has managed to succeed without ever appearing overwhelmingly ambitious and attracting the suspicions that this always engenders.

His kidnapping to-day is not only a disaster for his own party, it could also have serious repercussions for the Communists. Although never an ally, and more often than not a dangerous enemy, the Communists have always seen in Sig. Moro a man prepared to listen impartially to their position.

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Companies hit by Turkish devaluation

By Metin Munir

ANKARA, March 16.

SCORES OF LOCAL and foreign companies in Turkey are facing serious financial problems because of the recent 30 per cent. devaluation of the Turkish lira, company sources said to-day.

The companies have been affected badly by a Government move to bring the value of deposits in the Central Bank into line with the new exchange rate.

Importers were obliged by the Government to make deposits in the Central Bank for all goods they wished to import, while awaiting authorisation of the transfer of funds. The Government has now said they must pay an extra 30 per cent. into the Bank to make up for the devaluation.

In cash terms it means that each company must pay the difference between the pre-devaluation lira which was worth TL19.25 to the dollar and the new rate which is TL25 to the dollar.

The Government has made the decision retroactive to cover all cash against goods imports from February, 1977. It was then that the Central Bank refused any further transfers to pay for imports because of a desperate shortage of foreign exchange.

But much of the goods for which the extra deposits are being demanded have long ago been imported and sold or otherrwise disposed of, say the company sources.

One reason for the Government's decision is thought to be its suspicion that many of the goods have already been paid for with foreign exchange obtained on the black market or by payments from third countries.

The Government is not accusing them publicly, and the companies are reluctant to admit they did make illegal currency transactions.

The difference must be paid over three months starting from March 1 in three equal instalments. Alternatively, importers may withdraw their import requests.

Reliable sources put the amount of imports which would be affected by the new legislation at around Lira 1.5bn. during 1977.

Industrialists are prepared to admit in private that they were obliged to buy foreign exchange from illegal dealers in order to guarantee the flow of imports.

Both sides in W. German print dispute ready to resume talks

BY ADRIAN DICKS

BONN, March 16.

WEST GERMAN newspaper publishers and leaders of the printers' union, IG-Druck, have both declared themselves willing to resume negotiations in response to last night's televised appeal by Chancellor Helmut Schmidt.

Late to-day, there were no positive signs of peace moves, although Herr Schmidt's chief troubleshooter, Herr Hans-Juergen Wischnewski, was believed to be using his considerable diplomatic skills to try to persuade the two sides to agree to a fresh mediation attempt.

In line with the Chancellor's refusal to allow the Government to become directly involved in the dispute, however, Herr Wischnewski's efforts are apparently aimed at bringing the printers and employers together again under the chairmanship of Herr Josef Stingl, head of the non-political Federal Labour Office.

Herr Stingl presided over an unsuccessful series of talks last weekend, whose breakdown was follower by the employers' national lock-out on Tuesday, leaving West Germany almost totally deprived of its written press since Wednesday morning.

It is not clear whether Herr Stingl, whose prestige in labour relations matters is unrivalled, managed to get the two sides closer to agreement on the heart of the dispute—the status of IG-Druck members now holding highly paid skilled jobs once new, electronic printing equipment is introduced.

Some improvement was, however, made by the employers in the terms of transition from hot metal to electronic setting which they offered to Ig-Druck.

Meanwhile the strike of some 80 000 workers in the North Wuerttemberg — North Baden engineering industry was once again reported to be virtually complete. Last night, the employers in the industry responded with a threat to lock out workers at a total of 90 plants, employing some 200,000 people, from next Monday.

The employers' federation has sought a number of injunctions against the engineering workers' union IG-Metall, to stop its members from blocking factory gates to non-union employees—a practice that IG-Metall says it does not approve of.

● Further signs of a strengthening in the West German economy at the turn of this year emerge from the Bundesbank's monthly report for March.

The West German central bank notes that during January, manufacturing output ran at a rate a full 3 per cent. higher than during the fourth quarter of 1977, and 1.5 per cent. above the level for December.

Output in the building industry for so long chronically under-employed, was 5 per cent. higher during January than the fourth quarter 1977 average (though good weather helped here).

Turning its attention to new orders to manufacturing industry, the Bundesbank report notes the traps involved in measuring individual monthly performance, in view of the way in which the bunching of a few large orders, especially for large capital projects overseas, can distort the picture.

Nonetheless, it cautiously alludes to the first signs of an impact on new foreign orders from the Deutschemark's climb—mainly seen in the bringing-forward of many contracts for signature before the end of 1977, so that the January figures appear abnormally low.

Centre-Right faces power conflict

BY DAVID CURRY

PARIS, March 16.

VICTORY FOR the Government in the French general election, now slightly more probable, seems likely to herald an intense power struggle within the ruling coalition.

The Gaullists will probably have their National Assembly strength cut from their present 170-odd MPs. The Centrist UDF alliance is likely to come closer to them in representation than they were in the last Parliament. The UDF itself is hoping that, with its allies, it may approach the 128 seats it thinks the Gaullists may win.

It is expected that M. Jacques Chirac, the Gaullist leader, will want to impose his party's policies on the Government, claiming that the Gaullists remain the country's biggest party.

He has already indicated that he will press for reflation, designed to bring a rapid return to full employment. His party is concerned about the long-term political damage that unemployment could cause.

Even if M. Raymond Barre does not remain as Prime Minister, the UDF generally supports his policy—a policy which M. Chirac is challenging. Agreeing on economic strategy, particularly if the unions are making life difficult, may be a serious problem.

If M. Barre dos not stay in

THE FRENCH ELECTIONS

his post, his successor is unlikely to be close to M. Chirac. M. Alain Peyrefitte, one candidate, is something of a lapsed Gaullist and M. Jacques Chaban-Delmas, President Pompidou's former premier is far from being a Chirac supporter. M. Barre himself has already dismissed calls for reflation as "stupid."

Personalities may, in fact, prove a considerable difficulty. M. Jean-Pierre Soisson, one of the Centrists' leaders, met M. Chirac at an Elysee Palace "summit" more than a month ago and has spoken to him only by telephone since. He sent a reluctant M. Jean Lecanuet to this week's meeting with M. Chirac to discuss electoral arrangements.

M. Chirac still believes that the UDF is an anti-Gaullist coalition bidding for a Social Democratic alliance which will isolate his party on the Right. His clash with M. Soisson was over the formation of the UDF.

To make the situation more complicated there are also conflicts within the UDF ruling triumvirate of M. Soisson, M. Lecanuet, and M. Jean-Jacques Servan-Schreiber over long term objectives.

In other words, while commentators have concentrated on pointing out the difficulties a Socialist-Communist coalition would face in agreeing policy, a Gaullist-Centrist coalition is likely to be under strain almost from its inception.

EEC growth forecast revised downward

By Guy de Jonquieres

BRUSSELS, March 16.

FRESH INDICATIONS that further reflationary action by EEC Governments may be needed to produce a satisfactory level of economic growth were provided to-day by a European Commission forecast that real gross domestic product (GDP) in the Community would increase by only 2.8 per cent. this year.

This marks a substantial downward revision of the 3.3 per cent. growth forecast at the last EEC Finance Ministers' meeting less than a month ago. It also falls far short of the 4 to 4.5 per cent. target to which the Ministers pledged themselves in Luxembourg last October.

The Commission estimates that the Community as a whole managed to increase GDP by only 1.9 per cent. last year. This contrasts with an EEC forecast of 2.5 per cent. made as late as November last year. The latest figures are likely to be seen by some leaders, notably Mr. James Callaghan, the Prime Minister, as lending further support to their argument that the Western industrialised economies should agree on a package of co-ordinated measures to counter the recession when they hold their summit in Bonn next July.

The Commission forecast a 3.5 per cent. increase in GDP for the U.K. this year, broadly in line with the Government's projections. The only country forecast to grow faster is Ireland with an expected 6 per cent. rise in GDP.

Before the summit, the prospects for reflationary action are to be discussed by EEC Government leaders in Copenhagen on April 7 and 8, when the Commissioner for Economic Affairs, M. Francois Xavier Ortoli, will present recommendations for steps which might be taken. These are also expected to be examined at a preparatory meeting of Finance Ministers in Brussels on Monday.

In view of the EEC's repeated failure to achieve its past growth objectives, M. Ortoli is not expected to try to extract explicit new guidelines from the heads of government. Instead he is likely to concentrate on persuading them, and particularly Chancellor Helmut Schmidt of West Germany, of the virtues of participating in a programme to which each EEC country would contribute.

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THE ISRAELI INVASION OF SOUTHERN LEBANON

U.S. discussing formation of new peace force

BY JUREK MARTIN, U.S. EDITOR WASHINGTON, March 16.

ISRAEL AND the U.S. are discussing the establishment of some form of peace keeping force in southern Lebanon occupied over the last 48 hours.

Mr. Simcha Dinitz, the Israeli ambassador here, said this morning that what it will take for Israel to pull out of Lebanon will be precisely an arrangement that will prevent this area from becoming again a base of guerilla activities.

Mr. Dinitz also suggested in a television interview that the Lebanese army might police the occupied area. The U.S. is thought to be sceptical about the ability of the Lebanese army to perform such a task, though Mr. Dinitz hinted that the U.S. might consider training it.

A more probable development, at least in the short term, would be the introduction of a United Nations peace keeping presence in the area. The U.S. is understood to have made it clear that it will not send its military personnel to Lebanon.

The Israeli government's stated intention or remaining in Lebanon until it is assured that Palestinian guerilla organisation will not be able to use it as a base for operations is spurring the U.S. to find some form of interim solution that will make possible resumption of the broader Middle East peace talks.

This morning's condemnation of the Israeli occupation by President Anwa Sadat of Egypt has given the task even greater urgency. Unless Israel withdraws speedily, it is felt here that Mr. Sadat's already difficult position in the Arab world will become close to untenable.

Some minor consolation is being drawn here from the fact that the Syrian army has not retaliated against the Israeli invasion. Strategic military exports feel that the Israeli advance up to the banks of the Litani river has significantly strengthened the Israeli military position against Syria.

● Reuter reports from Cairo—President Sadat to-day condemned the Israeli invasion of Lebanon.

Cairo radio quoted him as telling representatives of African parliaments: "If Israel has the military strength, we too have military strength."

President Sadat called a meeting of Egypt's National Security Council for urgent discussions.

At the same time an Arab League meeting in Cairo heard a call by North Yemen for an early summit meeting of Arab powers to plan strategy in the wake of the Israeli invasion of Lebanon.

● David Satter reports from Moscow: The Soviet Union to-day officially condemned Israel and called for international action to bring about the immediate withdrawal of Israeli troops from Lebanese soil.

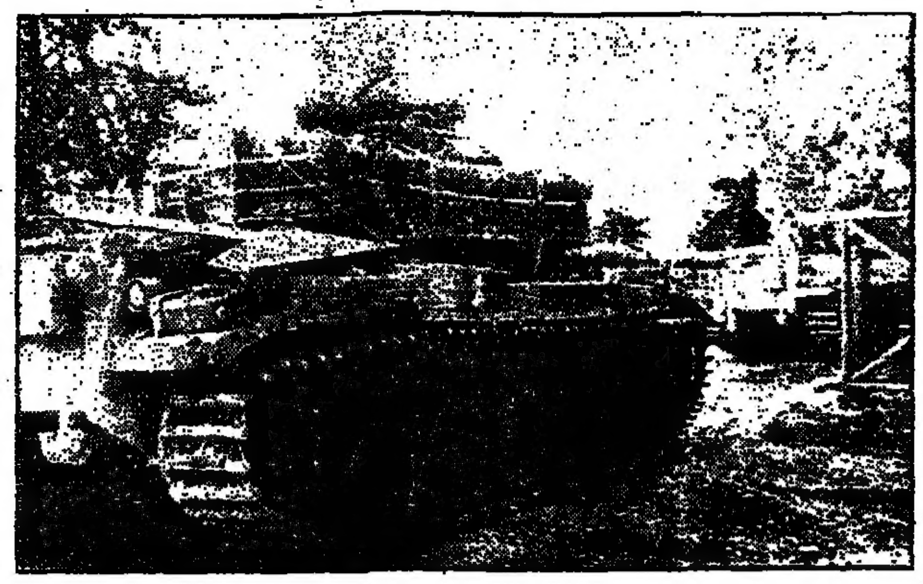
The Soviet News Agency Tass said in a special statement that Israel is guilty of "direct aggression" against Lebanon and that the whole responsibility "for the consequences of the fresh aggravation of the Middle East situation is borne by the government of Israel."

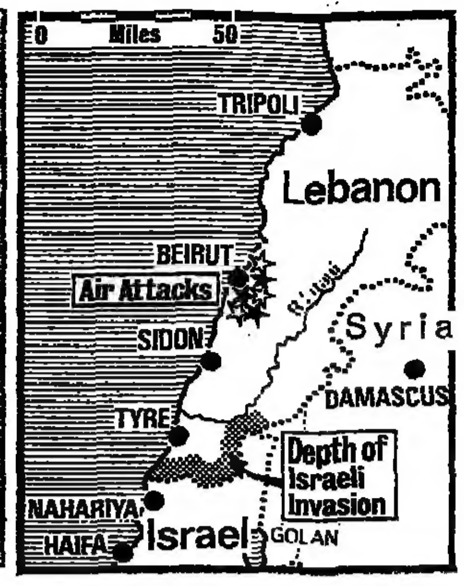
Tass said that the Israeli invasion could not have been carried out "without at least tacit support" from the U.S. and bears out Soviet warnings that the Israeli occupaion of Arab lands can only "create a situation leading to military clashes and fraught with serious aftermaths."

Palestinian guerilla firing Soviet-made SAM-7 into Israel.

Close encounter of the Israeli kind

BY ROGER MATTHEWS SOUTHERN LEBANON, March 16.





Israeli tank reinforcements roll into Lebanon through the "good fence," erected to allow Lebanese Christians through to Israel following the civil war.

ISRAELI TROOPS and armour seemed to-day to have halted their advance into southern Lebanon, although aircraft continued to strafe and bomb small areas of Palestinian resistance that remained within an approximate six-mile security belt from the border. Heavy air attacks also took place against Palestinian positions further to the north.

Some of the wider implications of the Israeli occupation seem suddenly to have been brought home to the Syrian Government, whose 30,000 troops provide the backbone of the Arab peace-keeping force in the country. At a Syrian check point near Sidon troops this afternoon suddenly began turning back some of the thousands of refugees that are flooding towards the capital.

Evidence that the Israelis had stopped their advance, at least temporarily, was provided when correspondents made contact with them for the first time, albeit in a not-very-amicable atmosphere. Moving south from the port of Tyre — little more than 12 miles from the Israeli border—there was progressively less evidence of Palestinian guerillas and more signs of the fighting yesterday with five burned-out cars clustered in a group on the road.

Going forward on foot, with the sound of Israeli bombing runs in the background, we saw Israeli troops who had occupied a farmhouse close to the seashore. Not at all pleased, the infantrymen took up crouching positions with M-16 rifles at the ready and shouted to us to come forward. They frisked us, and then word came from the commanding officer who was with two Centurion tanks and an armoured personnel carrier about 20 yards further back.

"You reporters, now listen. Go away from here and do not come back. If you do you will be treated as spies. And tell that to all your colleagues." Earlier, however, the Israeli troops proved more sympathetic to an ambulance from the Lebanese hospital in Tyre which had been allowed through to collect a patient from a village that had been overrun yesterday.

Both hospitals in Tyre had been cleared of all but the most seriously ill patients this morning to allow for the stream of casualties that were expected to start arriving from the main battle zones. The town was hit yesterday by Israeli fighter bombers and to-day people were still searching for victims among the smoking ruins of shops and houses in a narrow street adjoining the port.

According to eye-witnesses the planes struck as housewives were waiting for the local fishermen to begin selling the day's catch and there was just one Palestinian victim among the more than a dozen civilian dead.

According to doctors many of the dead and wounded were women and children. They said that there was no possible "military" target within a couple of miles.

Reaction among the ordinary Lebanese of this town is one of deep misery, bewilderment at the severity of the attacks, and among some younger people a bitterness that cannot serve the Israelis well for the future. The number of guerillas they have killed in the present operation seems certain to be more than matched by the quantity of new recruits they will have created.

Once the front line settles down with clearer lines between guerilla and Israeli positions the Palestinians and their left-wing Lebanese allies will begin occasional but very limited harassing attacks. By noon to-day there were signs of guerillas moving up hesitantly towards where they believed the Israelis had halted, although constant aerial activity was a strongly limiting factor.

At the headquarters of the Al Fatah guerillas in Sidon, the commander of the southern militia, Mr. Salah Tamari, complained angrily about the attitude of Britain and other Western countries which had condemned the Palestinian raid into Israel last Saturday but did not match this with similar condemnation of the invasion of southern Lebanon.

But despite the mauling that some Palestinian units have suffered, especially from the persistent and heavy air and artillery bombardments, it appears that as a guerilla force it is not seriously weakened. The problem for the Palestinians, for the Lebanese authorities and for the Syrians, is essentially one of territory. Having been driven out of the camps and villages they controlled near the Israeli border, the Palestinians and many thousands of Lebanese refugees are being pushed into an increasingly small area where there are already strongly conflicting interests.

It is already being suggested that the Israelis will seek to bring into the border area that they now control an increasing number of Right-wing Christians who fought for so long and hard against the Palestinians during the Lebanese civil war. This would provide the "friendly" force that would make the Israeli border more secure against possible guerilla incursions.

For Mr. Yasser Arafat, the leader of Al Fatah and chairman of the Palestine Liberation Organisation, there is a considerable dilemma. His relations with Syrian President Hafez Al Assad improved considerably as a result of Egyptian President Anwar Sadat's peace initiative, but not so much that he would welcome the prospect of his guerilla fighters having to move into a part of Lebanon controlled by Syrian troops. Equally he is ever wary of an assault by the Christian militias anxious to capitalise on the Israeli invasion by finally ridding Lebanon of the Palestinian presence—their declared aim.

The Israelis have, for some time, been supplying the Christians with weapons, ammunition training, medical supplies and gasoline through the "good fence" erected during the civil war.

At this stage it is probably not the material damage and loss that is most worrying the Palestinians but the overall effect the Israeli invasion will have on their freedom of polictical and, to a lesser extent, military manoeuvre.

But it is not thought by senior PLO members that this was the primary Israeli objective. These, they claim, are the extension of their wholly predictable expansionist policies that have characterised the Israeli state since its birth in 1948. They bitterly contrast the 11 Palestinian guerillas who carried out the terror raid near Tel Aviv last Saturday with the estimated 25,000 Israeli troops which crossed into southern Lebanon.

They think it unlikely that Israel will be persuaded to withdraw in the near future and could even use the territory that it has acquired as another bargaining counter in negotiations with President Anwar Sadat.

However, on one thing senior guerrillas leaders do agree: if Israel thought that by carrying out the present operation it could prevent further raids being carried out inside Israel and the occupied territories it will be proved mistaken.

Syrian soldiers man air defences around Beirut

BY IHSAN HIJAZI BEIRUT, March 16.

SYRIAN SOLDIERS were to-day manning anti-aircraft guns near the Beirut international airport and around the adjacent Palestinian refugee camps after yesterday's air strike by Israeli planes in the vicinity.

Yesterday Syria announced that its air defences were being placed at the disposal of the Syrian-dominated Arab joint peace-keeping force serving in Lebanon.

Reports circulating in political circles here say that the Syrians were bringing into Lebanon mobile SAM missiles for use against Israeli jet fighters should they approach areas where Syrian troops are located. The reports could not be immediately confirmed.

According to Reuter eye-witnesses reported that Israeli fighter-bombers bombed and strafed pockets of Palestinian resistance in the forests near Bint Jbeil, the commando stronghold overrun by Israel yesterday. Air strikes were also reported on Palestinian positions at Qantara, about 10 miles north of Bint Jbeil. The Palestinian News Agency Wafa said Palestinian commando forces were firing rockets at an area near the Israeli border village of Metullah in retaliation.

Syrian troops, however, have remained north of the Litani river and outside the area where Israeli troops have been active against Palestinian guerillas during the past two days.

President Hafez al Assad of Syria last night conferred on the telephone with Colonel Houari Boumedienne of Algeria, while Mr. Abdel Halim Khaddam, the Foreign Minister, called on Mr. Yassir Arafat to reassure him of continued Syrian support. Mr. Arafat is seeking a meeting in Damascus by leaders of the so-called "Steadfastness Front" to discuss moves against Israel, according to Palestinian sources.

Syrian anti-aircraft guns went into action yesterday when Israel raided Ouzai on the southern outskirts of the Lebanese capital. Israel has acknowledged the intervention, but said that its forces did not return the fire because they did not want to drag the Syrians into the conflict.

As Israeli troops were to-day conducting what were described as "mopping up operations" in the south, the guerillas were still entrenched in Arkoub area on the slopes of Mount Hermon, the 40 square mile patch of rugged terrain which the Israelis call "Fatahland," according to Palestinian sources here. Although the guerillas have lost their forward positions in the south, their strength remained substantially intact.

President Sarkis and his Government have devoted their entire attention to the situation arising from Israel's occupation of as much as 640 square kilometres of Lebanese territory. Officials here are deeply disturbed by the announcement yesterday by Mr. Menahem Begin, the Israeli Premier, that his troops will not pull out of Lebanon until there is an arrangement banning Palestinian guerillas from the region.

The officials, however, see some hope in the fact that Israel has asked the U.S. to mediate on this question. U.S. diplomacy was instrumental last September in the establishment of a truce in the south.

Meanwhile Moslem-dominated West Beirut was on strike to-day to mark the first anniversary of the assassination of the left-wing Druze leader Kamal Jumblat. The occasion turned into a show of anger against the Israelis

The General command of the Arab peace keeping force has appealed to the public to exercise restraint and to abstain from armed demonstrations.

OVERSEAS NEWS

Japanese business hit by yen rise

NEW YORK, March 16.

JAPANESE businessmen are coming to the limit of their ability to absorb the sharp appreciation of the yen, Mr. Michihiko Kunihiro, deputy Director-General in the Japanese Foreign Ministry, told AP-Dow Jones.

U.S. commerce department figures show that between November 1976 and November 1977, the unit value of Japanese exports declined 6½ per cent. in Yen terms. This means that Japanese businessmen aren't passing on to consumers the full impact of the yen's rise on the foreign exchange market.

Mr. Kunihiro said one-third of the nation's companies are running at a loss, and total unemployment, including about 4 per cent. of the population being kept on at companies as "excess labour," is now 6 per cent.

The answer to the dilemma, he said, is increasing Japan's imports to cut down its huge trade surplus, not cutting back on exports, which would only throw more people out of work. Both Japan and the U.S. agreed in January that import expansion is the answer, he said.

In Tokyo, Mr. Toshio Komoto, the minister for International Trade and Industry, said he saw the need for action other than the announced discount rate cut and new foreign exchange controls to prevent the yen's further appreciation, the Kyodo News Service reported.

Mr. Komoto confirmed to a House of Representatives Commerce and Industry committee session that the recent sharp rise of the yen was hurting smaller business.

"The discount rate reduction and exchange controls are insufficient to cope with the situation and the Government hopes to consider taking further action in accordance with changes in the domestic and overseas conditions," he said.

At a luncheon for the Japanese Import Promotion mission that has been touring the U.S. for two weeks, Mr. Hiroshi Kawasaki, of the Ministry of International Trade Industry (MITI), said Japan isn't only targeting a 7 per cent. growth rate for the fiscal year beginning April 1 but is making a "public pledge" to reach it.

The executive managing director of Mitsubishi Corp., Mr. Toshihiro Tomabechi, said although they found "some inclination to protectionism" among U.S. businessmen, most wanted a closer relationship between the two nations.

In response to U.S. businessmen's charges that Japan is a tough market to penetrate because of its protectionism, he said that may have been true in the past, but "the Japanese market, from now on, is an open market on a reasonable basis." He cited the trade agreement reached in January between the U.S. and Japan to increase U.S. exports.

Kunihiro added that Japan is commited to reducing a number of non-tariff barriers at the Geneva talks. However, both men agreed that part of the problem is U.S. businessmen's lack of knowledge about Japanese business customs and the behaviour of Japanese customers.

On Monday, the trade group announced that its current U.S. tour should result in the export of about $1.94bn. of U.S. goods to Japan, but it declined to say what percentage of that trade would have come about in any case.

China and Japan narrow differences over treaty

BY DOUGLAS RAMSEY

TOKYO, March 16.

CHINA AND Japan seem to have broken a long-standing diplomatic impasse over the wording of their peace and friendship treaty which has been under negotiation since 1975.

Chinese officials called for an immediate resumption of treaty talks in a conciliatory statement handed to a Japanese politician in Peking on Monday, and to-day Japan's foreign ministry took a tentative step in China's direction in accepting publicly for the first time the possibility of writing an "anti-hegemony" clause into the pending treaty.

Japan has long objected to including such a clause in the treaty on the grounds that it would manifestly be directed against the Soviet Union. On Monday, in a four-point statement handed to a Japanese opposition leader, Peking pledged that the treaty would not be aimed at any third party.

Chinese vice-premier Teng Hsiao-ping also told Mr. Junya Yano, Secretary General of the Komei Party, that China would respect Japan's desire to maintain friendly relations with all countries—indicating that this, too, could be written into the treaty to pacify Moscow.

Mr. Yano returns to Tokyo on Friday for talks with Mr. Takeo Fukuda, but a shift in Japan's position was already detectable to-day at the Foreign Ministry. Asked whether Japan has, in fact, changed its position on the anti-hegemony clause, the Foreign Ministry spokesman said, "he would not deny that there was a time when Japan did not really want to have any mention of hegemony in the treaty."

The Chinese statement on Monday has somewhat embarrassed the Government since it was handed to an opposition leader rather than to the foreign ministry directly. Mr. Tajima, head of the China division in the ministry's Asian affairs bureau, returned from a working visit to Peking yesterday but sources say he was not handed a copy of the four point statement by Chinese officials even though it included an appeal for the Japanese Foreign Minister Sunao Sonoda to visit Peking at the earliest possible time.

The four point statement handed to Mr. Yano by Mr. Liao Cheng-Chih president of the Japan-China Friendship Association, contained the following points:

1. China's desire to sign a treaty at an early date remains unchanged;

2. The treaty is not aimed at any third party;

3. China and Japan are committed not to interfere in the internal affairs of others, so "opposing hegemony" does not mean joint action by the two, and lastly:

4. China is prepared to resume negotiations on the treaty at any time.

New U.K.-Rhodesian meeting in S. Africa

BY BRIDGET BLOOM, AFRICA CORRESPONDENT

DR. DAVID OWEN, the Foreign Secretary, has decided to send a senior official for talks with Rhodesian Government officials in South Africa, ostensibly to discuss the Anglo American proposals for a conference involving all the parties to the Rhodesian dispute.

Mr. John Graham, Deputy Under Secretary in charge of Africa, was due to leave London last night for talks in Pretoria to-day with an all-white Rhodesian official team, led by Mr. Jack Gaylard, Secretary to the Cabinet.

However, while a brief Foreign Office announcement yesterday said that Mr. Graham's purpose would be to explain British and American thinking on the proposed conference, it was being officially suggested in Salisbury that the main subject would be the internal settlement deal signed there two weeks ago.

The Anglo American conference plan, which was worked out in talks last week between Dr. Owen and Mr. Cyrus Vance, the U.S. Secretary of State, is intended, in Dr. Owen's words, to involve all the parties in the Salisbury and Malta talks [held with the Patriotic Front last month]

But the plan for a conference has already had a cool reception in Salisbury, where Mr. Smith, the Rhodesian Prime Minister and the three nationalist leaders have indicated their own agreement is non-negotiable.

Earlier this week, following meetings with Dr. Owen, Mr. Joshua Nkomo and Mr. Robert Mugabe, the Patriotic Front leaders, turned down any conference aimed at finding common ground between them and the internal settlement signatories.

Mark Webster adds: Mrs. Margaret Thatcher, the Leader of the Opposition, has been asked to make a personal endorsement of the internal Rhodesian settlement. Chief Jeremiah Chirau said in London yesterday.

Chief Chirau, one of the signatories of the agreement, said he had asked Mrs. Thatcher when he met her on Wednesday.

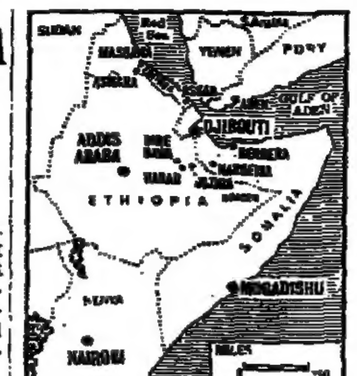
Chief Chirau is leader of the Zimbabwe United Peoples Organisation (ZUPO) and has been branded a stooge of the Smith Government in some quarters because of his support for the internal agreement and his former position as a member of the Smith Cabinet. He came to London to see the Foreign Secretary.

"I would not say that my welcome from Dr. Owen was encouraging at first because he had indicated that he would not see me but that I would have to see his secretary, to which I objected very strongly," he said.

He said that even when he did meet Dr. Owen they were not in agreement.

He told Dr. Owen, he said, that the Salisbury agreement was "irreversible."

● Bishop Abel Muzorewa flew into Heathrow yesterday for talks with the Foreign Secretary.



Cubans now active in Eritrea

NAIROBI, March 16.

CUBAN troops have become involved in Ethiopia's fight against Eritrean secessionists after helping the Ethiopian army to a resounding victory against Somali forces in the Ogaden region of south east Ethiopia. It was confirmed by independent sources for the first time to-day.

Diplomatic sources in Addis Ababa said Cuban troops had arrived in the Eritrean provincial capital of Asmara where probing attacks had been made to test the strength of rebel forces encircling the city.

The sources said they had no reliable estimate of the number of Cubans already in Eritrea. Three weeks ago, the Eritrean People's Liberation Front (EPLF) claimed that 2,000 Cubans had been flown to Asmara from Angola.

The EPLF says the Ethiopian government now has about 25,000 troops in its garrison at Asmara.

The sources in Addis Ababa said a commentary in the Soviet communist party paper Pravda yesterday was viewed in diplomatic circles in the Ethiopian capital as laying the ground for justifying Soviet and Cuban support

They said Moscow's justification for backing a big counter-insurgency drive in the mountainous province appeared to be that support for the Ethiopian revolution meant support against those who opposed it.

Reuter

Row over Iranian riots

TEHERAN, March 16.

A MOTION censuring the Iranian Government for its handling of riots in Tabriz last month was introduced in the Lower House of Parliament to-day.

Twelve people died and more than 120 were injured when rioters burned banks, cinemas and business centres in a wave of violence in Tabriz, about 300 miles north-west of here on February 18.

The censure motion, tabled by Tabriz Deputy Ahmad Baniahmad, asked why the security forces in Tabriz had not used tear gas or other methods against the rioters "instead of shooting and killing people."

An official enquiry into the riots said there had been neglect by certain officials. The Government has replaced some officials in the provincial administration.

Reuter

AMERICAN NEWS

Sun Life 'under secret pressure not to move'

By Victor Mackie

OTTAWA, March 16.

THE CANADIAN Government is conducting a secret campaign to get the 20 largest insurance companies in the country to press Sun Life Assurance Company of Canada to keep its head office in Montreal, according to a Federal MP from Saskatchewan.

Mr. Alvin Hamilton, an opposition MP, asked the Finance Minister, Mr. Jean Chretien in the Commons to-day to confirm a rumour in the financial community that officials from his department were asking life insurance companies to persuade Sun Life to abandon its proposed move to Toronto. In return, the insurance companies would be guaranteed a financial plum—continuation of the practice of allowing only insurance companies to convert registered retirement savings plans into life annuities, the MP said.

There has been strong pressure applied to Sun Life by the federal and Quebec provincial governments for the company not to proceed with its plans to move to Toronto. The Quebec administration is concerned that if Sun Life moves, it may lead the way for other head offices of large companies to move out of the French-speaking province because of new Quebec legislation which would require head offices to transact their business in French.

The federal administration has been striving to convince the Quebecois that they are wanted in Canada. Ottawa is fearful that, if Sun Life moves, French Canadians would believe that the English-speaking business world is ready to abandon Quebec.

The ruling Parti Quebecois in the province has been using the proposed Sun Life move as ammunition to convince the French-speaking people there that they should vote "yes" in the referendum on whether Quebec should leave the federation.

Mr. Chretien said in the House to-day that he would check on the matter. Outside the House, Mr. Hamilton said that his information came in an unsolicited letter from a finance consultant in Vancouver whom he regards as a trustworthy source.

The Sun Life Board announced in January that it had decided to move to Toronto. The Board has since announced that it would hold a vote of shareholders at a meeting to be held in Montreal in mid-April.

Irish-Americans condemn U.K. over N. Ireland

BY JUREK MARTIN, U.S. EDITOR

WASHINGTON, March 16.

EIGHTEEN LEADING Irish-American politicians to-day condemned violence in Northern Ireland and "the violations of human rights by the British Government, as found by the European Court of Human Rights."

The statement, issued on the eve of St. Patrick's Day, specifically called for "more effective leadership" by the British Government to achieve a peaceful settlement in the region.

"Time and again in recent years," the statement said, "movement towards a negotiated solution has been halted by the intransigence of extremist elements in the Protestant community, and by Britain's failure so far to end the festering stalemate."

The declaration is rather stronger meat than that issued a year ago in its criticism of the British role, but it is balanced by equally sharp condemnation of violent forces in Ireland, north and south.

It was issued by the office of Senator Edward Kennedy, a Democrat from Massachusetts. Co-signatories include Mr. Tip O'Neill, Speaker of the House, Senator Daniel Moynihan from New York, Governors Hugh Carey and Byrne of New York and New Jersey respectively, seven other senators and six other members of the House of Representatives.

The statement said, "all of us share the great goal of Irish unity." But it should not be should not be achieved through violence. It also endorsed President Carter's statement of last August, which had also opposed violence, urged a negotiated settlement acceptable to north, south and the British Government, and promised, in extremely vague terms, U.S. financial aid to investment in Ulster after a settlement

To-day, Mr. Carter was due to see the Irish Ambassador here and Mrs. Mairead Corrigan, leader of the Ulster Peace Movement. Both were essentially courtesy calls in connection with St. Patrick's Day.

As is invariably the case when any prominent U.S. politician utters on the subject of Ireland, the statement to-day is bound to be subject to minute scrutiny for hints of changing U.S. policy on Ulster.

There is, however, no hard evidence to suggest that anything is in the offing. If, by some remote chance, there were, then it would be discussed by Mr. Carter and the British Prime Minister, Mr. James Callaghan, when they meet here next week. But the U.S. preparation for that session does not include briefs for the president to study on Northern Ireland.

Coal pact clears first hurdle

BY STEWART FLEMING

NEW YORK, March 16.

THE LATEST tentative agreement in the three-month U.S. coal strike cleared its first hurdle last night when the 39-member bargaining council of the United Mine Workers' union voted to send the new agreement to the 160,000 miners for ratification.

But the pact only cleared the council which comprises union district leaders by a vote of 22-17, a narrower majority than that which favoured the previous tentative settlement which the rank-and-file turned down.

This slim margin does not bode well for the rank-and-file vote which is to take place on Good Friday. The council agreed to hurry up the ratification process which normally takes 10 days.

With the new contract cleared for the membership to vote on, attention will switch from Washington to the coal fields in an attempt to gauge the mood of the rank-and-file. In spite of the close vote in the bargaining council which in part reflects the political divisions in the union itself, it is still felt that the contract could be approved.

Although miners are saying cautiously that they want to see the fine print of the new proposal, many feel that they have won important concessions from the coal companies in the past week.

Another factor which may well influence the vote is a decision to hold the secret ballot on a single day instead of spreading it over three days. Some observers argue that the heavy 2-1 majority against the last contract proposal rejected at the beginning of the month reflected the fact that voting took place over three days.

Early reports of heavy votes against the contract on the first day produced a bandwagon effect.

Eastern wants to axe cheap fare

BY JOHN WYLES

NEW YORK, March 16.

THE THREAT to airline revenues posed by unrestricted cut-price fares has been acknowledged by Eastern Airlines which is seeking to abandon its "no-frills" flights between New York and Florida which were introduced less than four months ago.

Eastern started a $55 one-way airfare to Florida in December to counter a similar service started by Delta Airlines which packed two spare DC8 aircraft with seats and offered four round trips a day between New York's Kennedy Airport and Miami.

National Airlines also adopted a similar fare so that New York-Miami became the only major domestic airline route with cut-price fares which were not hedged about with any requirement for advance booking. The only restriction demanded by the airlines was that the passenger should stay for a minimum of seven days.

A spokesman for Eastern acknowledged to-day that the experiment had been "a disaster." The $55 fare was only 51 per cent. of the scheduled fare and although the airline had gained a 23 per cent. increase in traffic this was not enough to offset the loss of revenue which resulted from the fare being available to regular scheduled passengers.

Eastern needs Civil Aeronautics Board permission to abandon the existing fare schedule ahead of the six month termination date originally planned. It has proposed to the CAB that it be allowed to introduce a modified "super saver" that would offer discounts ranging from 30 to 50 per cent. depending on the day of travel.

Booking would have to be made 7 days in advance, instead of the 30 days normally associated with "super savers" and the passenger could not return on a cheap fare until the first Sunday after arrival. These fares would apply from Kennedy, La Guardia and Newark airports to all Florida destinations.

There is a strong possibility that Delta and National will also drop their present policies.

New wings for USAF C5s

WASHINGTON, March 16.

THE U.S. Air Force plans to put new wings on all 77 of its Lockheed C5 Galaxy cargo aircraft at a cost of $1.3bn. The wings of the giant aircraft are so weak that they could eventually fall off. None has done so to date.

But, while the C5 is supposed to have a flying life of 30,000 hours, the wings are calculated to have a safe life of only 8,000 hours. As of January 31, each aircraft had logged an average of 4,126 hours.

The problem with the wings is only the latest of various flaws with which the air force has had to contend since receiving its first C5s from Lockheed.

AP-DJ

U.S. industrial output up

BY OUR OWN CORRESPONDENT WASHINGTON, March 16

INDUSTRIAL production in the U.S. rose by 0.5 per cent. in February, evidence that the economy is surviving the severe winter and the coal strike without serious damage.

In January, industrial production had fallen by a steep 0.8 per cent., largely because of these two factors. In February, growth would have been two percentage points higher than it was but for the disruptions in energy supplies.

While the January economic statistics were generally bad, those for February have showed appreciable improvement, with the exception of the inflation statistics. Thus unemployment fell to 6.1 per cent. last month, while retail sales, down very sharply in January, managed to achieve a modest advance.

The consumer durable sector showed the biggest advance in output. In the same month it added to its labour force, with numbers employed up 2.7 per cent.—car output was the principal contributor.

Business equipment output, considered to be a reflection of the investment climate, increased by a healthy 0.9 per cent. in the month, reversing the 0.5 per cent. drop in January.

Brazil prices up

The Brazilian wholesale price index reached 1,437 in February, up by 3.6 per cent. from January and up by 36.4 per cent. from that of a year earlier, the Getulio Vargas Foundation reported, according to AP-DJ in Rio de Janeiro. The Index, based on an average level in 1965-67 as 100, is not seasonally adjusted. The Foundation's figures are accepted as official by the Government. According to the Foundation, the recent two-month drought in agricultural states has caused pressures on prices of agriculture products.

U.S. COMPANY NEWS

Heinz faces problems in U.K.; Alcan drops U.S. smelter plan; International Harvester in Brazil deal, Page 28

THE GUYANA ECONOMY

Deficits and party differences

BY OUR GEORGETOWN CORRESPONDENT

FIGURES disclosed by the Guyana Government in the 1978 budget presentation leave little doubt as to the deep-seated problems which have been plaguing the country's economy in recent years. They have been accentuated by the return to confrontation politics between the ruling People's National Congress (PNC) of the Prime Minister, Mr. Forbes Burnham, and Dr. Cheddi Jagan's People's Progressive Party (PPP).

The budget was in deficit at the end of last year by £29m. (calculated at an exchange rate of G$5.00 = £1). The balance of payments was in deficit by £47m. The Gross Domestic Product, at £201m., showed no growth, and earnings from the sugar industry had declined by 36 per cent. largely through a strike led by the opposition. The situation could have been much worse. For instance, the payments deficit in 1976 had been over £60m. and was worsening, but it was scaled down by £20m. last year.

It was an achievement made at considerable political risk. Towards the end of last year and early this year, the administration found itself having to move more than 3,000 workers out of the bureaucracy, with alternative jobs available mostly in agriculture. Direct budgetary subsidies, already cut by more than 50 per cent. from their 1976 level of £9m., were reduced further to £1.2m. this year, and the Government also increased the cost of several public services.

The acute shortage of foreign exchange required severe rationing and monitoring of hard currency flows, periodic shortages of goods became a fact of life, and many capital projects were halted. But the general economic picture of Guyana in recent years has been distorted largely by the erratic influence of sugar.

The sort of problems dogging the country to-day were already threatening in late 1973 and early 1974 when the price of oil shot up. But then the price of sugar on the world market zoomed up to £600 per ton from the usually staid £100 level, and Guyana reaped an unexpected windfall estimated at about £100m. in 1974-76. It helped to balance the external accounts even as the price of oil continued to rise.

But heavy capital spending in 1976 particularly, coupled with some expenditure on arms and a big bureaucracy, depleted the reserves. By the end of 1977, when the oil bill reached £40m. (up from £9m. in 1973), and the sugar price was back to £100 per ton, there were no reserves to fall back on. Last year an Opposition-led strike, prolonged because of a dispute over Government handling of the issue, cost the economy an estimated £10m. in lost sugar earnings.

It has become clear that if the economy is to be restored to health, both the payments deficit and the budget deficit have to be eliminated or reduced to manageable proportions. The public sector, which has grown in recent years to 80 per cent of the economy, is being placed on strict economic footing—raising fears in the Marxist-led PPP of a possible entrenchment of State capitalism.

The 30-odd public corporations and companies (including those in bauxite and sugar) have over £300m. in assets. They employ 70,000 workers, pay an annual wage bill of £45m. and are intended to make before-tax profits of £100m. on revenue of £750m. for the plan period 1978-1981. This sector is expected to provide all but £32m of the £256m. investment target of the plan.

There is a heavy leaning on foreign loans from both bilateral and multilateral western sources, totalling some £103m. during the plan period, or just under 50 per cent. of the amount to be spent. This will mean a sharp increase in the external

Mr. Forbes Burnham

debt burden which is now estimated at £160m.

Most of the foreign funds will go to three big drainage and irrigation projects to be completed between 1981 and 1983 at a total cost of about £60m., involving several hundred thousand acres of agricultural lands, mainly to boost rice production.

Capital spending will be coupled with continuing efforts to chop down the import bill while boosting exports, and on reducing Government consumption. Exports are targeted to rise from £132m. to £235m. and imports from £160m. to £222m., which is expected to take the external payments deficit down from £28m. this year to £12m in 1981

These and the other targets set in the budget are all reasonable, but will require co-operation from all sections of the country, and particularly from the PPP, because of the continued dependence of the economy on sugar, bauxite and rice. The PPP draws its strength from the coastal belt where the sugar and rice industries are located. There is no great reason to believe that this co-operation will be forthcoming. The PPP has been complaining bitterly that in both 1968 and 1973 the elections were rigged—allegations which the ruling party has rejected. Last year, the PPP called off its two-year-old policy of critical support for the administration following the collapse of coalition talks and came back with a call for a national patriotic front government between itself and the PNC. But the terms evidently did not please the ruling party and were rejected.

It appears to be the top priority of the PPP to force the ruling PNC to come to terms on a national front call. The party has openly voiced fears that the PNC will shelve elections due not later than mid-October under the constitution by using the economic situation as an excuse.

Just what the PPP is prepared to do is unclear, but a party spokesman has pointedly told Parliament that recent army manoeuvres were intended to prepare for possible street demonstrations—a charge which the government dubbed "ridiculous."

Mr. Burnham, the Prime Minister, has shown remarkable capacity for maintaining stability in a country which has traditionally held the ingredients for explosion at any time. There is reason to believe that he will continue to do so. But what is clear is that the question of power itself is far from settled, and Mr. Burnham is certain to face the most serious challenge to his rule in the period ahead.

WORLD TRADE NEWS

Dell urges increase in orders from stronger developing countries

BY OUR FOREIGN STAFF

MR. EDMUND DELL, Secretary of State for Trade, yesterday called for the stronger developing countries to offer more two-way trade with the major industrial nations in an effort to extend the free trade system and hold back protectionism.

Speaking in New Delhi during his six-day visit to India, he said that although the developed world was forced to protect industries like steel, textiles and clothing, its long-term interest lay in preserving the open trade system.

"Indeed I hope that this system will be extended gradually as more developing countries become strong enough to introduce some degree of reciprocity in matters of trade," he said.

He believed the United Kingdom to be now in a better position, due to a stronger balance of payments, to resist protectionism, while pressures to restrict imports were growing in the United States.

For developing countries it was a critical issue and they would certainly be damaged by the slower growth in world trade. That was why the talks between important economic powers were so important.

"It is why Japan must show it understands what interdependence means by adopting effective policies for cutting its unacceptably large trade surplus," he added.

The worrying thing was that so far none of the discussions had produced any real change in the situation and even emphasised how elusive an increase in world trade might be.

Nevertheless, a success at the multilateral trade negotiations in Geneva would be a signal to the world that at least in one major area "we are prepared to develop our trade relations together and find ways out of the economic dilemmas."

'Shopping list' speed-up

BY K. K. SHARMA

NEW DELHI, March 16

BRITISH COMPANIES are to be asked by Mr. Edmund Dell, Secretary of State for Trade, to use the machinery created by the Indo-U.K. Economic Committee to process Indian purchases of more than 20 items of capital goods, machinery and components in the "shopping list" given to Mr. James Callaghan in January.

Discussions on buying those items have been held in the past three days by the committee but Mr. Dell was to-day reluctant to disclose the progress made or to quantify the value of the transactions that will materialise.

He made clear that he considered them normal commercial transactions aimed at reducing the trade imbalance against Britain, and not financed by British aid.

Items discussed include power generating equipment, petrochemical and fertiliser plants, textile machinery, equipment for oil extraction, civilian and defence aircraft, vehicles and the like. Not all have government approval

The committee has established machinery under the British Department of Trade and the Indian Investment Centre.

W. German, Soviet trade declines

BY DAVID SATTER

MOSCOW, March 16.

THE VALUE of Soviet-West German trade declined in 1977 in comparison with the previous year, the first annual decline in trade volume since 1971. West Germany is the Soviet Union's largest trading partner.

Figures released by the West German Embassy show that the value of West German-Soviet trade in 1977 was DM10.98bn., 4 per cent. less than the value of bilateral trade in 1976 of DM11.13bn.

This slight decline in the value of trade contrasts with the regular and sizable increases in Soviet-West German trade over the last five years and is attributed by West German commercial sources to Soviet attempts to hold down hard currency purchases after last year's disappointing grain harvest.

The sources predicted, however, that the value of bilateral trade in 1978 and 1979 will not fall below last year's level

Squeeze on credit for Zambia

By Bernard Simon

JOHANNESBURG, March 16.

AS HARD-PRESSED Zambian importers find increasing difficulty in paying for their foreign purchases, the Credit Guarantee Insurance Corporation of South Africa has tightened up rules for credit insurance on South African exports to Zambia.

The corporation announced to-day that cover will only be available on goods destined for Zambia if the South African exporter has been paid on equivalent amount in respect of his outstanding debt.

Mr. M. de Klerk, managing director of CGIC, said: "We have now reached a stage where we cannot indefinitely continue supporting credits extended to Zambian buyers in the knowledge that the backlog of unremitted funds is steadily growing bigger."

South African exporters, who in 1976 sold goods worth about R40m. to Zambia and probably more than that last year, are waiting up to 16 months for payment.

Meanwhile they are experiencing increasing difficulty in transporting goods north of the Zambesi. In the past few months only two aircraft loads of freight have been flown to Zambia, compared to around 30 a month a few years ago. Some of the recent increase in air freight to Malawi may include goods for Zambia, however.

Very little cargo for Zambia is sent by sea and rail via Mozambique and Malawi because of the costs.

Last month's closure of the Botswana-Rhodesia border, after incursions by Rhodesian soldiers into Botswana, has meant that the only surface route from South Africa to Zambia is via Francistown in Botswana, where during the rainy summer season (November-April), goods are transferred from rail to lorries.

Algerian foundry

SNC Services of Montreal has received $C80m. contract to engineer and construct an iron foundry at Rouiba in Algeria, AP-DJ reports fro m Ottawa. The Export Development Corporation (EDC) said it has provided an unspecified amount of credit insurance to support the contract.

In another development the EDC said Patrick Harrison has received a $C3.9m. contract to sell mining services and equipment to Brazil.

U.K. aerospace record

BY LYNTON McLAIN, INDUSTRIAL STAFF

BRITISH AEROSPACE exports set a new monthly record in January with over £140.6m. of sales, almost double the level of exports in January last year. Imports also rose, to £78.4m. in January compared with a year earlier when they were almost £60m.

The latest figures give a balance of payments surplus of £62.2m.,

The exports were nearly £33m. up on the previous best month, last September. They follow a new annual record for aerospace exports last year when overseas deliveries climbed to £1,038m.

The record January performance was attributed to success by British airframe companies, which exported aircraft and parts worth £91m., up £40m. on the previous best exports. Aero-engines and engine parts earned a further £40.6m., and instruments contributed almost £5m.

Rolls jet for Cathay 747

By Our Foreign Staff

CATHAY PACIFIC Airways has selected Rolls-Royce RB211 engines to power its long-range Boeing 747 airliners. They will have 50,000-lb thrust RB211-524B turbofans and will operate mainly on routes from Hong Kong to Sydney, Melbourne and Tokyo.

The airline has ordered one 747 for delivery in July, 1979, and has optioned on buying two more for delivery in 1980-81. The sale of installed and spare RB211 engines for Cathay's first Boeing 747 is worth more than £7m. to Rolls-Royce.

Cathay is the third customer for the RB211-powered 747, which entered service with British Airways in July last year.

Shorts sell three more SD330s

By Our Belfast Correspondent

SHORT BROTHERS, the Belfast aerospace company, has sold three of its SD330 commuter aircraft, with an option for two more, to the German domestic airline DLT, of Frankfurt. The deal is said to be worth up to £5m.

DLT already operates two SD330s. The additional three, which will be delivered shortly, will make it the largest user of the type.

Total sales are now 17 with options for six more.

Leyland opens in Dubai

By Terry Dodsworth

BRITISH LEYLAND has set up an office in Dubai to co-ordinate the re-establishment of its distribution organisation in the Middle East since its removal from the Arab boycott list.

The office, under the control of Leyland International, will serve the United Arab Emirates, Qatar, Bahrein, Kuwait, Oman, Jordan, Saudi Arabia and the Yemen.

Leyland has been negotiating for some time with distributors in those territories and has established the framework for the new organisation.

The aim is to resume export of trucks to the area

GKN in Porsche 928

GKN Forgings has become sole supplier to the "car of the year," the Porsche 928, of connecting rods made by a powder forging process developed by the company, Peter Cartwright writes.

Army motorcycles

Norton-Villiers-Triumph has won a £200,000 contract for the U.K. Armed Forces to complete 872 Can-Am Bombadier motorcycle kits, from Canada, Peter Cartwright writes. It may lead to NATO orders.

Sony plans in Europe

BY CHARLES SMITH

TOKYO, March 16.

FOUR OF the seven Japanese companies that manufacture video tape recorders (VTR) using the Beta format system developed by Sony Corporation will start exports to Europe from May onwards, it was announced to-day.

The companies (Sony, Toshiba, Nippon Electric and Sanyo) plan to start sales at times varying between May 1 (Sony) and August (Sanyo). A Sony VTR set adapted for the PAL and SECAM systems used in Europe was also shown to journalists.

The Beta format is one of two rival systems developed by Japanese companies. The other, Video Home System (VHS), was developed by Japan's Victor Company, whose sets came on sale in the United Kingdom and three other European countries this month. Sony claimed to-day that being beaten to the European market by Victor was a matter of small concern.

Sony is "just starting" production at a monthly rate of 5,000 sets of its PAL-adjusted VTRs. It will begin sales in West Germany in May and in France and Britain about two months later. Price tag in West Germany will be under DM3 000.

Toshiba and Nippon Electric are considering production levels of 2,000 sets a month.

The set exhibited by Sony to-day is a simplified version of the PAL-adjusted VTR set which the company displayed last summer at a Berlin electronics fair. Sony says the Berlin set included all available technological refinements whereas the present model is for the mass market. The set has a playing time of three and a quarter hours.

Japan steel price move

PITTSBURGH, March 16.

JAPANESE STEELMAKERS say continuing pressure on the U.S. dollar has forced them to seek higher prices for their products in some United States markets.

The prices exceed minimums established by the U.S. Treasury Department in its so-called trigger price programme to curb foreign steel dumping in the domestic market.

Plate and cold-rolled steels are selling for more than the minimums established in the government steel plan in parts of the west, he said.

Domestic steel companies have complained that the U.S. Treasury Department's trigger prices are unrealistic because they assume Japanese mills are running at 85 per cent. of capacity. AP-DJ.

INDIAN JOINT VENTURE

Factory plan for novel farm vehicle

BY OUR FOREIGN STAFF

A SMALL BRITISH company has signed a letter of intent to set up a factory in India to produce a revolutionary new vehicle, a cross between a tractor and a truck, which will eventually be produced at a rate of 4,000 units a year.

The vehicle, called the Trantor, has the basic capability of a tractor but though greatly improved suspension and brakes it can be used as a normal road vehicle with a top speed of 60 mph.

The proposed deal in India, concluded by Trantor International, which will manage the operation for five years, is a breakthrough for the developers of the Trantor, Mr. Graham Edwards, a former lecturer at the University of Manchester Institute of Science Technology, and a former student of his, Mr. Stuart Taylor.

The concept of the vehicle emerged from a study on the use of tractors by British farmers, which showed that 60 to 80 per cent. of their time was devoted to general transport work and only 3 to 8 per cent. on actual ploughing. Consequently the Trantor was designed primarily as a transport vehicle.

Although it is being produced in Britain in small numbers, the vehicle was recognised as being ideal for farming where longer distances were travelled. For that reason the export market seemed attractive.

The Indian venture will be owned by Trantor India, in which Trantor International has 40 per cent. share and Indian partners (including the Government) have the remaining 60 per cent. All the capital will come from India and the vehicle will have a high proportion of locally made parts, including engines and axles.

Output is expected to reach 1,000 a year within two years and about three-fifths of production will be for export, to be handled by Trantor International.

A second contract is being negotiated with an Eastern European country to build 5,000 of the vehicles a year and a third operation in a Middle East country is under discussion. In this and other possible deals Lonrho has been acting on behalf of the company.

However, the British market is also promising and it is estimated that perhaps 10 per cent. of the market could go for this kind of vehicle. There are also possible military applications at home and abroad.

The Trantor was specifically designed for trailer work, with braking to commercial vehicle standards, the ability to work with balanced or unbalanced trailers at high speed, and independent suspension. It can carry three people in front and four in the back.

Although no marketing has begun, the Trantor is on sale in limited numbers at £9,750 and the manufacturers claim a good reaction so far.

Production is being carried out in Ludlow, Salop, by McConnells, part of the Wolseley Hughes group, at the rate of about 100 vehicles a year at present. It will be raised to 500 a year in 1979. Its main competitor in the U.K. is the Mercedes Unimog, which retails at about £16,000.

The company is aware of the obstacles it will face over servicing once production reaches a higher level, but is about to appoint distributors. Initially it intends to maintain close ties with farmers who buy the Trantor.

The thinking behind the push into the U.K. market is that the major tractor manufacturers have concentrated on adding power and size to new models, at the expense of speed, which the makers of the Trantor hope will be its major selling point.

However, the company faces the great resources of British Leyland, with its Range and Land Rovers, and the main tractor manufacturers, and it remains to be seen whether it has really found a gap in the market.

Uruguayan power contract

PARIS, March 16.

Creusot - Loire and its Brazilian subsidiary Mecanica Pesada have received an order from the Uruguyan consortium Comipal to build three 113 megawatt turbines at a hydro-electric project on the Negro river. The equipment will be partly built in France at a cost of Frs.43m. and partly in Brazil at Cruzeiros 250m.

Another Creusot Loire subsidiary, Clemep, has a Cruzeiros 50m. order from Comipal for some of the civil engineering work on the project which is aimed at more than doubling Uruguay's hydroelectric capacity. Reuter

● Entrepose and Societe Generale have signed final agreements with the wholly-owned subsidiaries of Basic Resources International sa and Shenandoah Oil for the construction and financing of a pipeline from Rubelsanto to Puerto Barrios, in Guatemala. Financing for the full Frs.115m. contract is being provided by a French banking syndicate led by Societe Generale by way of a buyers credit of Frs 90m., and a Eurodollar loan of $6.5m.

HOME NEWS

Offshore fields aid job prospects

A NEW surge of development activity in the North Sea is expected in the next year or so, according to Dr. Dickson Mabon, Energy Minister, writes Ray Dafter.

Work associated with the exploitation of several new offshore fields should help to stablise employment in companies providing equipment and services to North Sea operators, he said yesterday. There were now 100,000 jobs connected with offshore operations.

"Potentially, there is a lot of work coming up for the offshore industry in the relatively near future," Dr. Mabon said, after opening a new extension to the TK Valves factory in Dunfermline.

Development work was proceeding with the Murchison, Tartan and Buchan fields. Shell and Esso were at an advanced stage in their evaluation of the Fulmar Field development plan and the companies were discussing with Government some development ideas for their North Cormorant Field.

BP was going ahead with the exploitation of the Magnus Field and Mesa Petroleum was considering a new development plan for its Beatrice Field, after the Government's refusal to allow offshore loading.

Competition

These projects, and possibly more, confirmed the North Sea as the premier area for offshore activity in the world, accounting for about one-third of total investment in the offshore oil and gas industry.

"What is clear is that British-based suppliers must be ready to tender effectively for the new work. Nobody should be in any doubt that competition from abroad is going to be intense in some instances."

Dr. Mabon said that he saw a substantial new market opening up in the North Sea for repair and maintenance of offshore structures.

About 10,000 jobs could be involved in this new market and these might replace those which could disappear from the construction sector in the early 1980s.

U.K. refining rules may cost North Sea producers £25m.

BY RAY DAFTER, ENERGY CORRESPONDENT

NORTH SEA oil producers could lose about £25m. on the value of their crude this year as a result of the Government's "refine at home" policy, according to new estimates.

Such a loss, resulting from the premium on some 10m. tons of crude being reduced, would also be reflected in the balance of payments figures and in taxation revenue.

The report, published in Petroleum Intelligence Weekly, underlines the growing concern among North Sea oil companies about the impact of Government refining policies on market prices.

Although the Department of Energy's refinery guidelines state that up to two-thirds of North Sea oil should be processed in the U.K. there has been Government and trade union pressure on oil companies to make the two-thirds level a minimum requirement. At present, about 80 per cent. of North Sea output is refined in the U.K.

Talks between the oil industry and Government are continuing but it is thought the refinery issue will not be clarified until the wider issue of oil processing capability in the European Economic Community has been settled. The EEC Energy Ministers are due to discuss refinery rationalisation proposals in May.

In the meantime, as Petroleum Intelligence points out, North Sea producers are losing some of the premium which could be obtained if more of the low-sulphur, fairly light crude were to be exported.

Products

Refiners in the U.K. are said to be offering prices as much as 30 cents a barrel below the value of North Sea oil in export markets. Producers fear that they could lose 60 cents or more a barrel as Britain's crude oil output increases to around 550,000 barrels a day this year.

The problem arises because high-value North Sea oil is being used to replace lower-value and heavier Middle East crudes in U.K. refineries. Companies say that of the crude oil required as feedstock for their current range of products only about 35 per cent. needs to be of the light, low-sulphur quality.

On this basis only about 33m. tons of North Sea-type crude is required by U.K. refiners. However, if the Government insists on two-thirds of the North Sea output being processed at home, then the refiners could be faced with handling some 40m. to 47m. tons of premium crude this year.

"Should as much as 10m. tons of North Sea crude lose its premium this year, that would cost producers and Britain's balance of payments each about $50m.," says Petroleum Intelligence.

It would also depress the price at which British National Oil Corporation would pay for the large volumes of crude it was to buy under participation arrangements.

The concern among oil producers is that if a rigid "refine at home" policy persists North Sea oil will increasingly have to replace Middle East grades. According to Petroleum Intelligence the result could be that refiners will offer as little as $13.10 to $13.20 a barrel for North Sea oil instead of the crude's true export worth of nearer $13.70 to $13.80 a barrel.

Reserves

There is also a worry among overseas companies who invested in the North Sea that they will not be able to use much of the oil they have found in their refineries outside the U.K.

A case in point is the German Deminex group which, with relatively small crude reserves has a need to feed its West German refinery capacity amounting to about 46m. tons a year.

The group is the biggest shareholder in the Thistle Field, which is now being brought on stream, and there is a considerable amount of industry interest in whether or not Deminex will be allowed to export its first tanker-load of Thistle crude directly to Germany.

Warning on power investment

FINANCIAL TIMES REPORTER

FAILURE to ensure the necessary investment in coal and nuclear power which will be needed over the next decade could have "dire consequences" for our descendants, Sir Francis Tombs, chairman of the Electricity Council, said yesterday.

Three pertinent questions, he said, had been put to the newly-formed Energy Commission for its consideration:

- When should electricity prices begin to reflect the expected reduction in costs which would follow the large-scale arrival of nuclear power in the 1990s;
- When should coal prices begin to reflect likely higher productivity and lower relative costs of planned new capacity?
- When should gas prices begin to take account of the costs likely to occur when natural gas reserves become depleted?

Sir Francis, speaking in Birmingham, said that the electricity supply industry—as the largest user of uranium, coal, oil and natural gas, in Britain, had made its comments to the Commission on present raw fuels pricing.

"If anyone interpreted this as special pleading for parity of pricing between gas and electricity they would be wrong. The matter is one of relative pricing as between primary fuels.

"The leader—imported oil plus tax—is priced on world market values irrespective of production costs and indigenous coal is priced with one eye on the price leader. Indigenous oil has price parity with equivalent imports."

Natural gas was a premium fuel, in some contexts even more valuable, perhaps, than oil. "If this great national asset is sold, to a section of the community only, at well below its true market value then maybe the nation as a whole is being short-changed while gas consumers share the benefits. This is the issue for the Energy Commission to consider.

- Coal must be the cornerstone of the U.K.'s energy policy right into the next century, Mr. David Basnett, general secretary of the General and Municipal Workers' Union said yesterday.

"The whole of energy policy must be planned in a co-ordinated way. Coal will be the bedrock of that plan," he said in his union's journal.

"The choice we make now immediately affects our industrial and economic position in the 1990s. Choices we delay or postpone now will mean that the consequences of that delay will be felt beyond the year 2000."

Anti-fiddle scheme for kilogram coal

FINANCIAL TIMES REPORTER

COAL WILL be sold by metric measurement from April 1. The move will be accompanied by a national publicity campaign to cut out price fiddling, the Metrication Board said yesterday.

The changeover will complete metrication at the National Coal Board.

As part of the 14-month transition to selling metric solid fuel, the old hundredweight bags used by most domestic coal buyers will be replaced by slightly lighter 50 kilogram sacks. The Coal Merchants' Federation has recommended merchants to cut prices.

No other price rises, such as coal or freight, should occur on April 1 to distort comparisons, and 3m. card ready reckoners will be available to all coal customers, to help to check prices against the new weights.

More civil servants resign over low pay issue

MORE civil servants are quitting their jobs because of low pay than at any time in the last four years, according to internal Whitehall statistics.

The figures show that last year 35,632 civil servants left for reasons other than retirement, ill-health, or redundancy. This was an 18.5 per cent. rise over 1976 and the second highest wastage rate for the 1970s.

The unpublished Civil Service Department figures show that resignations peaked last year following decisions over pay.

In May, after the Civil Service had been given the Phase Two 5 per cent. rise, resignations were 35 per cent. higher than for the same month in 1976. In November, after the Government refused to restore the pay research mechanism linking pay to the private sector, resignations were 29 per cent. up.

The resignation rate was most significant among the executive and local officer grades, who form the backbone of Civil Service management. Last year, the numbers of these grades quitting was up by a quarter.

Assistant Secretaries quitting voluntarily rose by 13 in 1976 to 18, while the numbers for senior Principals trebled from 3 to 9.

The scale of the resignations has surprised Whitehall as high unemployment usually leads to fewer staff quitting.

Goodison plea on securities

EUROPEAN COUNTRIES would do well to adopt the British model as their standard when they are considering the framework governing securities trading, Mr. Nicholas Goodison, chairman of the Stock Exchange, said at a meeting yesterday in Copenhagen of the British Import Union. "In the U.K., we are moving into a new stage of regulation with the impending establishment of the council on the securities industry.

"I use the word 'stage' and not 'era' because this is part of the continuing process of evolving a regulatory framework which adapts quickly and easily to changing circumstances and developing needs."

Carless Capel forms U.S. drilling subsidiary

A U.S. subsidiary, to be involved in American gas exploration and production, has been formed by Carless Capel and Leonard, the U.K. oil group.

The new company, Carless Resources, is in partnership with Warrior Drilling and Engineering Company of Alabama.

This group, known as the Warrior Britannic Partnership, has already acquired proven gas reserves in the Black Warrior Basin of Alabama. In addition, it has a number of lease interests.

The partnership is to drill four new wells during the next six months and has taken an option to drill a further two wells afterwards.

- A team of divers have successfully welded two sections of 36-inch pipeline in 1,036 of water near the Island of Raasay, West of Scotland, in a test programme to prove the feasibility of deep-water pipeline welding and repair. The test was conducted by Taylor Diving and Brown and Root.

Inquiry result vital for Esso

BY KEVIN DONE, CHEMICALS CORRESPONDENT

ESSO CHEMICAL will have spent £12m.-£15m. by the end of 1978 to prepare plans and designs for its proposed ethylene plant at Mossmorran, Fife. But the company is still uncertain as to whether it should make a final commitment to the scheme:

The £250m.-£300m. project would be the biggest single investment Esso has made in chemicals in Europe. It is of great strategic importance for the development of the chemical industry in the U.K., as it would be the first big petrochemical plant to be based exclusively on North Sea feedstocks in the form of ethone from the Brent Field.

Esso has been waiting anxiously for the result of a public inquiry into the project held in Scotland last summer, which is nearly three months overdue. The delay has not yet had serious consequences for the planning of the chemical plant, but it will be become increasingly important as the project is now entering the engineering design stage.

According to Esso's timetable it hopes to make a decision on the scheme at the end of the year. Given a favourable outcome to the inquiry it would aim to bring the 500,000 tonnes a year plant into production in the second half of 1982.

Construction could be delayed, however, if there are further setbacks in the recovery of the base petrochemicals market in Western Europe.

Last year the recession forced Esso to operate its existing 105,000 tonnes a year ethylene plant at Fawley at only about 65 per cent. of capacity.

Mossmorran would be aimed at exporting ethylene, but last year's depressed trading conditions meant that even production from the smaller Fawley unit had to be devoted entirely to the domestic market.

To improve the viability of the Mossmorran venture Esso is searching for companies who would be willing to set up adjacent downstream user plants in Fife for products such as plastics and antifreeze.

In spite of an overall drop of about 6 per cent. last year in the volume of sales, Esso Chemical U.K. managed a substantial increase in net profits and a small increase in turnover from the 1976 level of £138m. Net profits in 1976 were £1.7m. after net losses in 1975 of £2.8m., but final figures for last year are not yet available.

The improvement last year followed the indefinite closure of a large benzene and toluene aromatics plant and a policy of determined concentration on speciality products such as synthetic rubbers and oil-fuel additives. Trading in commodity olefins and aromatics was extremely depressed.

Investment is continuing at about £5m. a year chiefly to cut energy costs and improve operating efficiency. Since 1966 about £40m. has been invested in Esso Chemical U.K., but cumulative net profits over the period have only amounted to about £15m. More than half of which was earned in the last two years.

Error caused explosion

A CHEMICAL explosion at the ICI works, Grangemouth, last September, was caused by a clerical error, Falkirk Sheriff Court was told yesterday.

The company was carrying out a series of experiments in reducing the amount of sodium bicarbonate in its dyestuff processing. Its calculations were correct, but the ratios were written down wrongly.

The explosion caused about £250,000 worth of damage to the production plant, but no one was hurt.

The company, of Earl's Road, Grangemouth, admitted failing to provide for the safety of one of their workers on September 7, 1977, but not ensuring that a correct quantity of sodium bicarbonate was placed in a reaction vessel. It was fined £250.

Mr. Michael Coyne, deputy fiscal, said the experiments were part of an attempt to reduce the by-product from the dye processing operations. But there was either an error in calculating the experimental figures or in applying correct calculations.

Mr. John Innes, for the company, said the cause of the blast was a "straight-forward clerical error." ICI accepted there was a gap in the system of cross-checking, which will now be rectified.

Set of Georgian silver dishes fetches £12,000

SALEROOM

BY ANTONY THORNCROFT

SALES of silver at Sothebys yesterday totalled £181,817. Jewels realised £103,555 and English drawings and watercolours, £153,430. A European glass sale at Sothebys Belgravia made £63,338.

Koopman paid £12,000, plus the 10 per cent. buyer's premium, for a set of four George IV entree dishes and covers by Paul Storr, and a private American buyer gave £7,500 for a pair of William IV stirrup cups, also by Paul Storr. A collection of stirrup cups realised £42,470. Asprey bought a pair of George III wine coolers by William Pitts for £5,200.

In the jewels sale, the highest price was for an emerald ring of 1888 and a diamond bracelet, which each fetched £4,000.

At Belgravia, a large Berlin plaque, painted by Alfred Brodel and depicting Othello, sold for £2,600, a Meissen monkey band after Kaendler sold for £2,500, and a Carl Magnus Hutschenreuther dessert service, for £2,400.

Drawings had a best price of £17,000 for a pencil and watercolour of *Conway Castle*, by Thomas Girtin. *Arthington Mill, Yorkshire*, by Turner, made £12 000 and the Fine Art Society gave £8,000 for a study of camels by John Frederick Lewis. Agnew secured for £5,600 *A View of the Taj Mahal*, by Thomas Daniell.

Christie's, South Kensington, had a good auction of photographs which realised £62,109. *Life and Landscape on the Norfolk Broads*, by Emerson, sold for £11,500, but the *Houses of Parliament under construction*, fetched a record price for a photograph by Roger Fenton of £1,900. Two studies of clouds by Fenton sold for £3,600, and a European travel album with 107 photographs of around 1860, for £1,200.

Phillips Petroleum makes another sea oil discovery

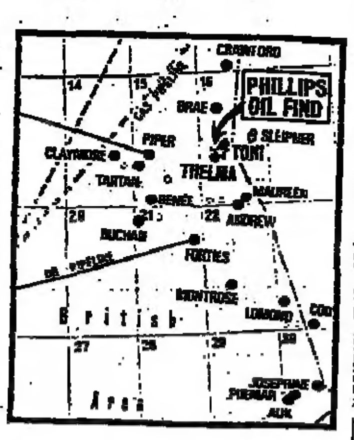
BY RAY DAFTER, ENERGY CORRESPONDENT

A NEW North Sea oil discovery has been made by Phillips Petroleum between its Toni and Thelma fields.

A well, drilled by the semi-submersible rig Western Pacesetter 1, produced a flow rate of 4,000 barrels a day of oil and 10m. cubic feet a day of natural gas.

However, these hydrocarbons were produced from a geological formation deeper than the Toni and Thelma discoveries and it is thought that the producing sandstone was shallow.

Phillips said that some oil was also recovered from the equivalent reservoir zone containing the Toni and Thelma finds, although it is believed that the amount was not significant.



The latest well was drilled in a water depth of 430 feet on Block 16/17, some 160 miles north-east of Aberdeen. The hole, drilled to a depth of 15,350 feet, was located 1.4 miles north of Thelma and 1.7 miles south of Toni.

Industry reports suggest that Toni is by far the more promising structure with recoverable reserves of perhaps about 150m. barrels—significantly less than recent published estimates.

Even so, the Phillips partnership is to drill a further appraisal well, this time about three-quarters of a mile to the north east of Toni.

If reserves in Block 16/17 are proved commercial through further drilling, it is possible that an oil production programme may be formulated in conjunction with operators on other nearby blocks.

It has been suggested in the industry, for instance, that oil from Toni/Thelma could be carried ashore by pipeline in association with crude from the Mabel and Andrew fields to the south and Brae to the north.

The Philips group consists of: Phillips Petroleum Exploration U.K., 35 per cent.; Fina Exploration, 30 per cent.; Agip (U.K.), 17.88 per cent.; Century Power and Light, 8.60 per cent.; and Oil Exploration (Holdings), 8.52 per cent.

Oil prices 'will be Saudi-controlled'

BY IAN HARGREAVES

A WARNING that unilateral Saudi Arabian control of oil prices and production levels is certain in the early 1980s came yesterday from Mr. Joseph A. Yager of the Brookings Institution of Washington.

Mr. Yager said that the development was so imminent that "no likely measures by the oil-importing countries could head it off."

The result would be a sudden sharp increase in oil prices leading to possible rationing among importing countries. This would be in the Saudi's interest both financially and in conserving their resources.

Mr. Yager's ideas were contained in a paper delivered to Intertanko, the Association of Independent Oil Tanker Owners, meeting in Eastbourne.

In the longer term he foresaw an absolute shortage of all crude supplies, leading to a continuous pressure on prices.

His assessments are based on the growth pattern in oil consumption plotted by the OECD and predictions of likely Saudi production by CIA studies in the U.S. and his own analysis.

These showed demand for OPEC oil rising from 31.8m. barrels a day in 1980 to 41.3m. barrels a day in 1985. Production from all OPEC countries is predicted to be more or less static in this period except in Saudi Arabia where output is shown to increase from 13m. b/d to 18m. b/d, almost double the present rate.

The Saudis would be virtually the only state with the necessary excess capacity to influence prices simply by varying production levels.

Faced with this scenario, said Mr. Yager, the oil importers clearly should reduce consumption and substitute alternative energy supplies. But prospects for such a move were discouraging especially in the U.S., where the Carter plan has failed to make progress.

In a review of tanker prospects, Mr. Christian A. Olsen, managing director of Leif Hoegh of Oslo, foresaw little chance of supply and demand rebalancing before the mid-1980s. The situation was more serious than ever for the industry which could be in the middle of a 13-year-long crisis.

Forecasts in dispute at Skytrain hearing

BY LYNTON McLAIN, INDUSTRIAL STAFF

THE STRUGGLE between Laker Airways and British Caledonian Airways over who should fly the cheap air route between London and Los Angeles continued yesterday.

At the first public hearing before the Civil Aviation Authority of Laker's application for a £198 return fare, each side disputed the other's passenger forecasts and viability on the route.

Mr. Freddie Laker, chairman of Laker Airways was unable to attend the hearing but his U.S. lawyer, Mr. Bob Beckman, told the authority that a Skytrain operation to Los Angeles would be profitable, it would not divert traffic from existing airlines, it would increase the British share of the market and would generate new passenger traffic.

A Los Angeles Skytrain service would generate 400,000 new passengers each year, shared between Laker and established airlines.

Skytrain did not depend on existing competition, he said quoting evidence from airlines on the impact of the New York to London Skytrain.

Pan American World Airlines said that no diversion of traffic to Skytrain had been detected. British Airways said the same and TWA reported that the last quarter of last year, immediately after the Skytrain started on September 26, was its best three months since 1976.

But British Caledonian accused Mr. Laker of sticking his finger in the air to get his passenger forecast figures for Los Angeles.

The airline said that the figures had not been properly substantiated. In return, Laker Airways accused British Caledonian of proposing a loss-making service on the route.

Mr. Beckman, for Laker, said that the average cost of the British Caledonian single seats was £150, a figure obtained from the airline's evidence to the authority.

But 72 per cent. of the passengers proposed by British Caledonian would be carried at a loss. This was a "world record for cross-fixing of fares."

Under the British Caledonian proposals, less than one British passenger on flight would actually benefit from the cheaper fares.

Previous efforts by the airline to operate the route in 1973 and 1974 had almost broken British Caledonian.

Caledonian has record trading profit

By Lynton McLain, Industrial Staff

CALEDONIAN AIRWAYS reported a record trading profit yesterday of £9.5m. for the 13-month period to last October.

The group, which owns British Caledonian Airways, had a rise in trading profit of 50 per cent. in the previous year.

Last year British Caledonian had a turnover of £158m. It carried 1.9m. passengers over a third of them on charter flights.

Mr. Adam Thomson, chairman of Caledonian Airways, said that after the losses in 1973 and 1974 the company was established on a sound financial base for future growth.

Last year's profit would have been £1m. greater but for the air traffic control assistants' dispute.

The airline was still losing money on its domestic operations.

The airline had submitted its requirements to British Aerospace for a 150-seat aircraft to replace the BAC 1-11 by 1985. Up to 20 replacement aircraft would be needed, costing up to $260m.

Quilts advice for traders

RETAILERS are being advised not to offer for sale as "Continental quilts" bed coverings filled with poultry feathers.

The Retail Trading Standards Association said: "They simply cannot give customers the warmth-without-weight qualities associated with Continental quilts."

European plans of Financial Times

FINANCIAL TIMES REPORTER

COPIES of the Financial Times for sale on the Continent and in the U.S. are to be printed in West Germany by Frankfurter Societats-Druckerei from next January.

The Financial Times said yesterday that it was close to reaching an agreement with Frankfurter Societats-Druckerei, a contract printing company in Frankfurt which prints the Frankfurt editions of the Frankfurter Allgemeine Zeitung and Bild Zeitung.

The newspaper hopes that printing in Germany "will result in a dramatic improvement in the number of business centres in which it is on sale early in the morning."

The difficulty of ensuring early and reliable distribution of the paper on the Continent is seen as a major factor hampering sales. Restrictions on night flying, which were likely to become more severe in the next few years, made printing on the Continent essential, the company said.

The intention is that full page proofs will be taken from each page forme and then transmitted from London to Frankfurt by a facsimile process. Copy for certain pages specially designed for overseas readers will also be transmitted and then set locally. The Financial Times will continue to be printed on pink newsprint in Germany.

The company hopes that its drive to increase sales on the Continent will bring it a larger share of the European advertising market.

Mr. Justin Dukes, joint managing director of the Financial Times, yesterday outlined the plan for printing in Germany to union officials and managers.

He said that the opening up of the German operation would be accompanied by a sales drive in the U.K. because "as a newspaper and as a company the Financial Times is crucially dependent on the U.K." There was still considerable scope for growth in Britain.

Councils study small claims

THE National and Welsh Consumer Councils have embarked on a study of small claims from consumers in England and Wales to find out how easy it is to receive justice in disputes with traders.

They are looking at the small claims procedure in the county courts. Under this, claims involving less than £200 can be dealt with by informal arbitration, instead of by a judge, and legal costs are not usually allowed in cases involving less than £100. They are also studying voluntary small claims and trade arbitration schemes.

Economic figures support downturn fears

BY DAVID FREUD

A FURTHER indication of a possible weakening of the economic upturn towards the end of this year and the beginning of next year is provided by figures published yesterday.

The Central Statistical Office's index of longer-leading indicators of trends in the economic cycle fell in February for the fourth month in succession. It now stands nearly 5 per cent. below the October level.

This result is in line with the OECD forecast published yesterday that the rate of economic growth could slow down between the first and second halves of this year.

The index of short-leading indicators, by contrast, has risen steadily since October and there was a marked advance in the coincident indicators in the last three months.

The main influences of the fall of the longer-leading index have been the rise in short-term interest rates and the fall in the stock market. A drop in the number of housing starts in January also affected the index.

The picture that the figures suggest underlines the OECD conclusion that fiscal stimulus might be required "to prevent the slowdown in demand at present forecast for the second half of 1978 and to keep the growth of real GDP in the 3-4 per cent. range."

Giro raises personal loans limit

By Michael Blanden

THE National Giro, the banking arm of the Post Office, is to increase the amount available on personal loans and cut the interest charge by 1 per cent.

From April 1 the limit on personal loans will be increased from 1,500 to £2,500.

New rates of interest will be 8 per cent. flat, equivalent to around 15½ per cent. on a true basis, for loans of £600 and above, while the rate on loans of less than £600 will be 9 per cent. flat. This compares with current rates of 9 per cent. on loans of £400 upwards and 10 per cent. below £400.

Societies 'would fight composite changes in tax'

BY MICHAEL CASSELL, BUILDING CORRESPONDENT

BUILDING SOCIETIES will oppose any moves to withdraw their composit tax arrangements, Mr. Ralph Stow, chairman of the Building Societies Association, said yesterday.

Mr. Stow, speaking in Cardiff, was responding to criticism from the clearing banks that societies were competing unfairly for funds and also to suggestions that some of their special concessions should be removed.

He claimed that removal of the societies' composite rate tax arrangements — under which societies pay tax on behalf of their investors — would, at current rates, either increase the mortgage rate by 1 per cent. or reduce the deposit rate by ¾ per cent., without removing the movement's competitive edge over the banks.

"It would be socially and no doubt politically undesirable to increase unnecessarily the cost of home ownership to meet the banks' competitive problems and it would be most unwelcome to the Inland Revenue, who would then be dealing with tax liability for 20m. individual building society depositors instead of, as at present, dealing with 345 societies who collect the tax for them under present arrangements.

The societies for more than 200 years had relied solely on small savings and deposits as their source of funds and it was "trationally their field as much as the banks."

Over the past 10 years, the banks' share of available deposits had remained steady at about 30 per cent., whereas the societies' share had increased from 24 per cent. to 41 per cent. —not at the expense of the banks.

Mr. Stow referred to suggestions that the banks themselves were considering encroachment into the traditional building society preserve of house purchase finance. "If this should happen, I fear that the high level of the banks' management expenses, compared with low building society expenses ratios, would make it exceedingly difficult for them to match the societies' terms.

"With a gross deposit rate of 3 per cent. at present, banks charge between 8½ per cent. and 10 per cent. for the house purchase loans they make.

"If societies paid the same low rate on deposits and their tax arrangements were withdrawn the mortgage rate would be a highly competitive 5 per cent."

However, societies could not operate on so low a deposit rate because of competition from other sources.

The Building Societies Association is to give the Bank of England "a considered reply" to the points recently made by the London clearing banks.

Demand for home improvement aid

BY DAVID FREUD

BUILDING societies should allocate more money for owner occupiers to carry out home improvements now that they had followed the Government's request to cut mortgage lending, Mr. George Plucknett, chairman of the National Home Improvement Council, said yesterday.

Mr. Plucknett told the council's annual luncheon in London: "A proportion of the £70m. held back from home purchase could and probably should now be used to help owner occupiers carry out home improvements.

"It is highly desirable that people should be encouraged to meet their own housing needs in this way. It would accord with the Government's housing aims.

"It would help to maintain and enhance the country's housing stock and it would contribute to a reduction of unemployment in the building industry."

Professor Christopher Foster, director of the Centre for Environmental Studies, said that he believed this was the time building societies should be persuaded to change their attitudes and lend for improvement.

Such lending would not help push up house prices, which the Government was trying to avoid. In the long run the societies would have to come to terms with "perhaps a major proportion of their funds being devoted to improvement."

Davignon steel plan expected to run for two more years

BY ROY HODSON

THE STEEL-USING industries expect the Davignon crisis plan to protect steelmakers, which has now been in operation for two months, to continue to run for at least two years.

This forecast was made in London yesterday by Mr. Laurence Kelly, vice-chairman of the British Iron and Steel Consumers Council, at a conference on the steel crisis arranged by the Institute of Purchasing and Supply.

The plan was inaugurated by Viscount Etienne Davignon, EEC Industrial Commission, in January.

It provides for protection against cheap foreign steel imports and sets minimum prices for European steel sales.

Mr. Kelly called it "a measure of surgery for the European steel industry wrapped in a protective straitjacket."

Speaking for Britain's private steel-making sector which supports the plan, Mr. Selwyn Williams, director of the British Independent Steel Producers Association, said that there was already stabilisation of Community prices and flows of damaging cut-price imports were slowing.

The next stage of the plan to restructure the European steel industry would be even more important. No signs existed of any early revival in the overall demands for steel.

The European steel industry must urgently review its "body image" and each national industry must formulate new strategies to shape future size and product coverage to meet likely domestic and export needs.

It was vital that they should not relax behind protectionist measures.

Equally important, the European steelmakers should not abandon investments in new and improved steel plant in overreaction to the present crisis.

The Government is going to unveil its strategy next week for reshaping the British Steel Corporation.

Speakers at yesterday's conference said that the seriousness of the problem facing British Steel could be measured by the fact that the Corporation needs to work at 92.5 per cent. of its theoretical capacity of 26m. ingot tons a year if it is to break even.

Support for the Davignon plan also came from Mr. Ernest Barrett, president of the National Association of Steel Stockholders. He denied that a split had occurred in the stockholders' ranks on whether or not to support the plan.

Most association members—who together have a £800m.-a-year turnover—supported the Davignon proposals in principle.

However, 300 companies could not be expected to have identical views and the measure of support for Davignon ranged from the enthusiastic to the lukewarm with only one or two dissentients.

"NASS have had a series of meetings to examine in detail the implications of the Davignon proposals, Mr. Barrett said. "We have also met British Steel and the independent steelmakers to make them aware of the many reservations voiced by our members.

"Only after these most detailed consultations have we felt able to recommend our members to give the undertakings required of them."

It was a myth that there had been an "unholy conspiracy" between the corporation, the producers association and the stockholders' association.

The undertakings that steel stockholders were being asked to give about their future steel purchases were, in reality, being made to Commissioner Davignon.

Money supply still over target

GROWTH of the money supply slowed down last month, but remains at a level well above the Government's 9-13 per cent. target range for the full financial year. The banks' sterling lending to the U.K. private sector grew rather more strongly than in the previous two months.

GROWTH OF THE MONETARY AGGREGATES (£m.)

	Money Stock M1 Unadjusted	Money Stock M1 Seasonally adjusted	%	Money Stock M3 Sterling Unadjusted	Money Stock M3 Sterling Seasonally adjusted	%	Bank lending* Unadjusted	Bank lending* Seasonally adjusted	Domestic credit expansion Unadjusted	Domestic credit expansion Seasonally adjusted
1977										
Feb. 16	10	134	0.7	−635	−416	−1.0	−301	−226	−1,207	−945
March 16	270	− 35	−0.2	263	43	0.1	− 63	− 10	338	100
April 20	823	667	3.6	1,058	899	2.3	368	296	967	779
May 18	170	64	0.3	190	253	0.6	120	464	117	395
June 15	440	263	1.4	461	303	0.8	124	343	820	697
July 20	181	518	2.7	658	507	1.2	1,341	280	239	−288
August 17	276	109	0.5	− 55	59	0.1	−107	354	− 257	− 96
Sept. 21	523	960	4.8	810	868	2.1	174	239	− 75	122
Oct. 19	748	509	2.4	669	729	1.7	580	641	277	336
Nov. 16	481	349	1.6	438	284	0.7	110	333	386	297
Dec. 14	663	176	0.8	799	401	0.9	28	212	497	107
1978										
Jan. 18	−231	681	3.1	98	982	2.3	736	233	− 386	354
Feb. 15	126	251	1.1	386	488	1.1	331	357	264	412

* To private sector in sterling. Source: Bank of England

ERIC SHORT STUDIES COMMISSION REPORT ON CIVIL LIABILITY AND COMPENSATION FOR PERSONAL INJURY

New 'no-fault' schemes for accident victims urged

The introduction of new and improved "no-fault" schemes of compensation for injuries or death from accidents is the main recommendation of the Royal Commission on Civil Liability and Compensation for Personal Injury, in its report, published yesterday. There are three major areas covered by the recommendations—motor injuries, industrial injuries and severely handicapped children. The report also includes recommendations on the methods of paying compensation and assessing loss and damages arising from death or injury.

The Commission was set up in 1973 under the chairmanship of Lord Pearson to consider to what extent, in what circumstances and by what means, compensation should be paid for death or personal injury suffered by any person while working, by a motor vehicle or other means of transport, from the manufacture, supply or use of goods or services and various other events.

The inquiry was prompted by the Robens Report on Safety and Health at Work and by concern over thalidomide victims.

EXISTING SYSTEMS: The report describes the two methods of compensation for injuries or death—social security benefits and tort or delict (in Scotland)—action for damages in the courts.

The relationship between the two systems has been at the heart of the Commission's inquiry, since both methods have developed side by side, with very little connection or interaction. Compensation schemes should be looked at as a whole and a review was considered necessary.

Although there were many criticisms of action for damages, the Commission recommends that tort should be retained. But the social security system should be the principal means of compensation and there should be a shift away from tort. The function of tort would become a means of supplementing the benefits provided by a no-fault system of social security.

WORK INJURIES: There was a remarkable unanimity among witnesses that the structure of the Industrial Injuries scheme has stood the test of time. The Commission could find no better alternative in overseas models, nor devise a better scheme. The scheme, which operates on a no-fault basis, should remain essentially in its present form, but the Commission made recommendations for its extension and improvement.

Benefits should be based on the new social security scheme which comes into force next month. Long-term invalidity pensions for those injured at work should be based on the maximum benefits ordinarily paid after 20 years' contributions. Slightly higher short-term benefits should also be paid.

The effect of these proposals, based on January, 1977, benefit levels, would mean a rise of 14 per cent. on the maximum short-term rate for a single man, while the maximum long-term benefit would double.

Corresponding improvements would be made to widows' benefits, with widowers treated in the same way as widows.

But the existing provision for partial incapacity was unsatisfactory and a study should be made of the operation of European provisions in this field with a view to an early introduction of a scheme in the U.K.

The self-employed should be brought into the Industrial Injuries scheme for an accident at work. But until there was an earnings-related State pension paid to the self-employed (none is envisaged at present), the benefits would have to be on a flat rate basis.

Commuting to and from work should be covered by the scheme. Compensation for occupational diseases should be less restrictive.

Terry Kirk

Members of the Commission: Mr. Ronald Skerman (left), Lord Pearson, chairman, and Lord Allen of Abbeydale.

The scheme should still be financed by National Insurance contributions and Exchequer supplement, but the extra costs should fall on the employer. This is estimated to cost £58m. over a year, but there would be a saving on employers' liability, through tort, of £47m.—a reduction of 25 per cent. in employers' liability insurance premiums and £2m. in occupational sick pay.

ROAD INJURIES: there was much to criticise in the present system of tort when seeking compensation for road injuries. Too few victims were compensated, entitlement depended too much on chance and the system was slow and expensive.

The improved Industrial Injuries scheme was the obvious choice for a model of the no-fault principle. It would provide adequate benefits for long-term incapacity and inflation-proofing. Unlike industrial injuries, it would apply to everyone.

The proposed scheme would be administered by the Department of Health and Social Security and would cover injuries involving vehicles on roads and on other land to which the public had access, and the vehicle could be stationary.

For example, an injury sustained by a cyclist crashing into the back of a stationary vehicle should not be excluded. The only test of eligibility for benefits should be whether a motor vehicle was involved.

The report favours the same benefit rates for road injuries as for industrial injuries. However, tort would still be available.

Various methods of funding the scheme, including levies on driving licence fees, road fund licence fees, motor insurance premiums and a levy on petrol were considered.

The method of petrol levy was chosen as the most practical. The contribution by motorists would be closely related to engine size and use of the car. This levy involved hypothecation of revenue and would thus be a departure from the usual approach to raising revenue.

One member of the Commission favoured a levy on insurance premiums instead of the petrol levy.

The extra cost of the petrol scheme, over and above social security benefits now paid, was estimated at £28m. after five years, rising to £54m. a year at maturity. The total cost, including sickness and other benefits, would be £64m. after five years, rising to £90m. a year at maturity after 40 years.

This cost would be met by a levy of about 1p a gallon on petrol. There would be a saving on tort compensation of £40m. a year and £1m. on sick pay. Motor insurance premiums might be expected to fall by about 4 per cent. in real terms.

A no-fault scheme was ruled out for rail, and railway undertakings should not be strictly liable for injuries or death to trespassers.

A special benefit for severely handicapped children should be introduced and severely handicapped children should be treated the same, irrespective of the cause of their handicap.

There were now about 100,000 such children—90,000 suffering from congenital disability, between 1,000 and 2,000 disabled through post-natal injury and 8,000 who suffered from disabling diseases after birth.

The report says that the no-fault provision available was inadequate. An addition to the child benefit should be paid to parents and guardians of severely handicapped children. A new benefit of £4 per week on January 1977 levels, tax free from the age of two, should be paid, until the child became eligible for non-contributory invalidity pension.

The Department of Health and Social Security should administer the scheme and the cost be borne by the Exchequer. The system would cost £15m. a year, plus £2m. administration costs.

Mobility allowance should be paid from the age of two instead of the present age of five, at an extra cost of £1m. a year.

PRODUCTS: Injuries caused by products were relatively few and the risk of death lower than for other categories of injury. The Commission could not justify introducing a no-fault scheme for injuries caused by defective products.

There should be no financial limits on the liability and the producers' strict liability should be subject to a cut-off period of ten years from the circulation of the product.

Defects

Difficulties arose from the decision to apply strict liability to drugs. The pharmaceutical industry was against strict liability. Vaccine-damaged children should be treated as severely disabled, the Commission said.

Ante-natal injury, included because of the thalidomide tragedy, was often impossible to distinguish from other congenital defects, and it was therefore not practical to devise a separate scheme.

TORT AND DAMAGE ASSESSMENT: The Commission suggested modifications including the ending of double compensation, inflation proofing periodic payments in the most serious cases, elimination of minor claims and a change in the assessment of damages.

Damages should normally be paid in inflation-proofed payments in the most serious cases, and the court should award such payments unless satisfied that a lump sum was more appropriate. An injured person would still be able to settle his claim by agreement for a lump sum.

Two methods of assessing a suitable lump sum to compensate for the lost flow of income were put forward. The majority view was that calculation should aim at a year-by-year replacement of the plaintiff's loss, taking fuller account of tax and inflation. Others thought that a lump sum was a substitute compensation and not replacement of lost income.

DURATION OF INCAPACITY FOR WORK DUE TO INJURY

Working population Great Britain, 1973-1975 — Percentage of annual spells of incapacity

	Percentage of spells terminating in period	Cumulative percentage of spells terminating by end of period
Over 3 day-1 week	18.5	18.5
Over 1 week-2 weeks	27.4	45.9
Over 2 weeks-4 weeks	27.5	73.5
Over 4 weks-8 weeks	16.0	89.5
Over 8 weeks—3 months	5.5	94.9
Over 3 months-6 months	3.4	98.3
Over 6 months	1.6	

Source: Based on Department of Health and Social Security records of 1.7 million spells of incapacity due to injury qualifying for sickness or industrial injury benefit.

NUMBERS OF INJURIES EACH YEAR

United Kingdom, 1973-1975 — Thousands

	All	Males 15 and over	Females 15 and over	Children under 15 and students
Injuries at work	720	630	90	—
Motor vehicle injuries*	290	160	80	50
Other injuries	2,040	660	620	760
Of which possibly due to the act or omission of another	880	260	160	460
All injuries	3,050	1,450	790	810

* Other than while at work.

Figures estimated by the Commission.

ESTIMATES OF CHANGES IN COSTS AFTER FIVE YEARS

£ million a year at Jan. 1977 prices

	Total	Work	Road	Other
Social security benefits	69	29	25	15
Social security administration	9	4	3	2
Social security total	78	33	28	
Tort compensation	—61	—34	—28	1
Tort administration	—25	—13	—12	—
Tort total	—86	—47	—40	
Occupational sick pay	— 3	— 2	— 1	
Total compensation	5	— 7	— 4	16
Total administration	—16	— 9	— 9	2
Overall change	—11	—16	—13	18

ESTIMATES OF CHANGES IN COSTS AFTER 40 YEARS

£ million a year at Jan. 1977 prices

	Total	Work	Road	Other
Social security benefits*	115	51	48	16
Social security administration	15	7	6	2
Social security total	130	58	54	18
Tort compensation†	—61	—34	—28	1
Tort administration	—25	—18	—12	—
Tort total	—86	—47	—40	1
Occupational sick pay	— 3	— 2	— 1	—
Total compensation	61	15	19	17
Total administration	—10	— 6	— 6	2
Overall change	47	9	13	19

* Commuting injuries and deaths are included under work injuries. Other costs relate to the additional benefits for children.

† Most tort compensation for commuting injuries and deaths is paid in respect of road injuries, and therefore the cost of such compensation is included under road.

PRESENT AND PROPOSED LEVELS OF COMPENSATION AFTER 40 YEARS (EXCLUDING ADMINISTRATION)

£ million a year at Jan. 1977 prices

	Total	Work	Road	Other*
Social security benefits at proposed levels†	455	333	80	42
Social security levels at present benefits‡	340	282	32	26
Change in social security benefits	115	51	48	16
Tort compensation at proposed levels§	141	35	90	16
Tort compensation at present levels¶	202	69	118	15
Change in tort compensation	—61	—34	—28	1

* For social security, benefit for children; for tort, compensation other than that paid under employer's liability or motor policies.

† Commuting injuries and deaths are included under work injuries.

‡ Cost of present schemes are estimated costs in 2023/24 of benefits under the industrial injuries and national insurance schemes at January 1977 rates and corresponding earnings levels. "Other" costs are estimates of mobility allowance and attendance allowance paid to children.

§ Most commuting injuries and deaths are included under road injuries.

¶ Equivalent at January 1977 prices, of payments in 1975.

Move to ease tax problem

BY DAVID FREUD

THE INLAND Revenue is to take steps to ease some of the difficulties caused by the introduction two years ago of interest payments on overdue tax.

Sir William Pile, chairman of the Inland Revenue Board, said that several administrative changes would be made. Ministers were also studying proposals to make changes in some of the legislative provisions.

Sir William was replying to criticism of the operation of the interest payments legislation in the Ombudsman's report for last year.

He told a Commons Select Committee on the Parliamentary Commissioner for Administration that many of the complaints over the provision had been due to misunderstanding.

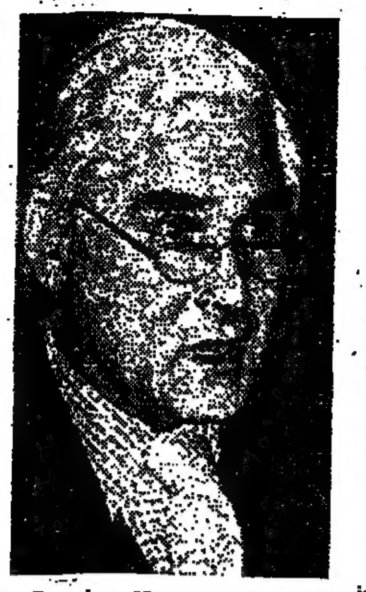
INQUIRY INTO COURT LINE COLLAPSE

Directors criticised for serious derel:ction of duty

BY MARGARET REID

Certain directors of the collapsed Court Line holidays and shipping group and of its Appledore Shipbuilders subsidiary have been criticised by Department of Trade Inspectors for serious dereliction of their duties because of their establishment of a private company, Marine Leasing, in the Bahamas. Mr. John Young, Court Line's managing director, described as the "dominant personality" in the group, is one of those criticised.

In their general conclusions about the group, which failed in August 1974, leaving thousands of holidaymakers stranded, the Inspectors, making their final report on Court Line, say that "the overall management of Court Line was throughout inadequate and it was in any event never supported by the necessary financial control."



Mr. Justice Comyn and Mr. Douglas Morpeth, two of the inspectors.

Terry Kirk

Would-be holidaymakers besiege Clarkson's offices in Sun Street, London, at the time of the collapse.

Another key finding of the Inspectors, Mr. James Comyn, QC, now Mr. Justice Comyn, Mr. Douglas Morpeth, a leading City accountant, and Mr. John Hamilton, is that Court Line's accounts for 1973 did not give the "true and fair view" required under the Companies Acts. Only a very limited qualification of these accounts was made by the auditors, Robson Rhodes.

In the course of a chapter devoted to accounting matters, the Inspectors identify a number of matters where they say they believe "there is some doubt as to the accounting treatment adopted."

Responsibility is primarily placed on the Court Line directors. But the Inspectors remark: "One aspect of Robson Rhodes audit examination caused us some concern—their lack of examination of the management profit and cash forecasts.

"We believe that an auditor should seek to assess the realism of the directors' views to the utmost and that this naturally requires an examination of current profit and cash forecasts or other management data.

"Many of the matters affecting the 1973 accounts about which we have doubt have involved the extent to which the problems which Court Line eventually encountered in 1974 should have been reflected in the 1973 accounts."

In a chapter headed "Certain Special Matters," the Inspectors say that questions for consideration arise under Section 54 of the Companies Act 1948 in connection with a secret agreement whereby Court Line gave an indemnity to Bankers Trust International about the value of shares BTI acquired around the time of Court Lines share-swop take-over of Doxford and Sunderland, the shipbuilders. The indemnity was the subject of a later compromise agreement costing Court Line £946,000.

The Inspectors say shareholders should have been told of this settlement at the annual meeting on April 4, 1974.

They also blame Court Line and Bankers Trust International, its financial advisers, for the non-disclosure of the original indemnity in the offer document with the bid for Doxford and Sunderland.

The chapter on special matters also criticises, as extraordinary and unjustifiable, a £100,000 loan made to Mr. D. G. MacQueen, aviation director of Clarksons Holidays until early 1973, before its take-over by Court Line, who had bought Doxford shares a month before Court Line's bid for that company.

Introducing its final report — the interim one was in 1975 — the Inspectors say their further inquiry has confirmed that there was no fraudulent trading and that the date on which Court Line collapsed, August 15, 1974, "was *in all* the circumstances the right date for the group to cease trading."

Addressing themselves to the question whether Court Line should have stopped business earlier, or could have continued longer, they say:

"We appreciate that it may be difficult to understand how a group which crashed owing many millions of pounds can avoid having traded fraudulently during its dying months. The point is that fraudulent trading only occurs when the trading is carried on with knowledge that the company cannot meet its debts as they fall due, and here the group's principal creditors were deliberately not calling in their debts during the final months, but were indeed actively seeking ways and means to keep the group going.

"The collapse came when it was generally realised that nothing more could be done, whereupon major creditors indicated their intention of taking action. The whole problem of fraudulent trading was kept under careful review by the lawyers, bankers, main creditors and Government authorities involved and we believe that they were correct in the view that they took at that time.

"The reason that we embarked upon the second inquiry listed above—the correctness or otherwise of August 15, 1974—was to see on behalf of holidaymakers whether the group should have shut down earlier than it did or whether on the other hand it could have carried on in some form until some later date, preferably until the end of the summer holiday season.

"Any alternative except carrying out the programme was bound to affect those booked for holidays after the cessation of trading, and the earlier in point of time that took place the more people would be affected. We do not consider that a close-down before August 15, 1974, was called for: there was still hope until then, although diminishing daily during the last fortnight or so. Whilst hope remained it was in the interests of all concerned that all alternatives should be considered.

"So far as any form of carrying on after August 15 is concerned, as our interim report states many people carefully investigated the possibility of some arrangement for completing Court Line's summer schedule, but no satisfactory plan could be devised because of the serious practical difficulties. We regretfully agree that it would not have been possible."

Another finding of the report is that "with two limited exceptions mentioned in this report, we have found no evidence of any questionable transactions in respect of Court Line shares and that its directors are entitled to have that recorded specifically in respect of them."

The Inspectors trace the story of the growth of Court Line, describing it as "one of humble beginnings, rapid diversification over a wide field, ambitious acquisitions, very heavy borrowings, over optimism, an expensive and disastrous incursion into the Caribbean, inadequate overall management and a share of ill-luck." They add: "It is also the story of one leading personality — the managing director, Mr. John Young."

They relate how Court Line, where Mr. Young, now 48, became managing director in 1963 switched in the mid-1960s to tankers, moved into shipbuilding with the small Appledore concern, acquired Autair International Airways, running air charter services, in 1965, and afterwards made certain acquisitions in the Caribbean area.

Later the group became closely connected with Clarksons Holidays, "which had a number of competitors, and a price-cutting war raged for some years, indeed up to the time of the joint collapse of Court Line and Clarksons Holidays."

Court Line's shipbuilding expanded with the acquisition in 1971 of North East Coast Ship Repairers, and in 1972 with the take-over of Doxford and Sunderland. The report notes that active, but unsuccessful, steps soon followed to acquire Wm. Cory and Son.

Reciting the next developments, the report says:

Aircraft leased

"In August 1972 Aviation ordered and entered into leasing arrangements for two TriStar aircraft (which entered service in the spring of 1973) and took options on three others. This was the culmination of investigation over several years, in close consultation with Clarksons Holidays, who supported the practical use of these aircraft by way of a five-year flying agreement guaranteeing their utilisation. No guarantee was given by or sought from SIH, Clarksons Holidays' then parent company.

"In April 1973 Court Line acquired 85 per cent. of Clarksons Holiday which by this time had grown beyond its own capabilities and its parent company's expectations with resulting heavy losses. Clarksons Holidays finances were unsound, its recording and booking systems were faulty and SIH were not disposed to inject further large sums of money into it. In June 1973 the Group acquired Owners' Services Limited ("OSL"), a holiday villa business.

"In May 1973 Court Line acquired the Associated Travel Leisure and Services Group ("ATLAS") which specialised in student travel and which operated an advance booking charter business. In October 1973 Court Line bought the R. Harris and Son (Builders) Limited group of companies ("Harris"), a Devon based building contractor and developer.

"In February 1974 the Group took over not the Companies but the passenger bookings of the Horizon Group, an inclusive tour operator specialising at the upper end of the market. At the same time it acquired a 58 per cent. interest in a related, but independently run, company called Horizon Midlands Limited.

"In March 1974 the Group bought a controlling interest in its third hotel in St. Lucia, the Marigot des Roseau.

"In March 1974 the Group Accounts up to September 30, 1973, were published prior to its Annual General Meeting in April. The treatment of goodwill in these accounts resulted in the group exceeding its borrowing powers.

"In June 1974 Court Line approached the Government for assistance and as a result an agreement was made for the Government to acquire all its shipbuilding, shiprepairing and engineering interests.

"On August 15, 1974, the principal companies in the Group ceased trading.

Assessing the character of the management of Court Line, the Inspectors note that Mr. W. S. Philipps, who has since died, became chairman in 1963. They continue:

"We have no doubt that during the years we reviewed in detail he performed a largely formal role as chairman and that, although the group was controlled by the directors working as a team, major decisions were principally influenced by the personality of Mr. Young.

"Mr. Young, in addition to being the Managing Director, was in our view undoubtedly the dominant personality in the Group. While on a divisional or even group basis individual directors were free to and did take executive or administrative decisions in accordance with their positions and responsibilities, we have no doubt that on matters of policy Mr. Young's views generally prevailed.

Mr. John Young—an optimistic approach.

"He had a markedly optimistic approach to the business and we think that that undoubtedly influenced his fellow directors, sometimes to the extent of clouding their judgment on matters that required a more cautious approach.

"Various witnesses have told us that there was an 'inner management team' which took the important executive decisions in relation to the group. The composition of this team varied but is identifiable as being Mr. Young, Mr. Venus and Mr. Posey plus at times Mr. Bond or Mr. Makin.

"We found that formal Board meetings when called were usually at short notice and for such purposes as to formalise legal documents or to adopt decisions which had been taken already at informal gatherings of the directors mentioned in the previous paragraph.

"With a diversified group it is difficult for a director with particular responsibilities to familiarise himself with the many and varied problems of such a group.

"However directors have joint and individual responsibilities for the overall control and policy of a group and should establish an environment in which they can be properly informed as to group activities.

"It is our opinion that the informal manner in which decisions were taken, together with the absence of proper management reporting systems, undoubtedly contributed to the collapse of Court Line. In our view none of the directors can be absolved of blame for allowing the continuation of a position where the Board of Court Line acted largely as a rubber stamp."

Criticisms follow on the subject of group management accounting arrangements, which the report says were ineffective because:

(i) In many instances, particularly in the case of leisure and the Caribbean, companies did not submit returns.

(ii) Often returns did not clearly distinguish between what was actual and what was estimated.

(iii) Returns tended to be inaccurate.

(iv) Explanations of significant trends and variations were often inadequate.

(v) Such returns as were available were not formally discussed at Board level.

The Inspectors go on to say: "In our opinion with tighter disciplines and some improvement in the format of the returns these arrangements could have provided adequate information to management. In the event they did not, particularly in the final period of the group's operations.

In the case of individual divisions the quality of management accounting arrangements varied. In broad terms, except for the final few months of the group's business when systems generally deteriorated at all divisions, arrangements were satisfactory at aviation and the shipbuilding and ship-repairing divisions, barely acceptable at shipping and with minor exceptions very poor in the leisure and Caribbean (including LIAT) divisions. We believe that the primary responsibility for the inadequacy of the management accounting arrangements must rest with the Board in general.

Posing the central question "Why did Court Line fail?" the Inspectors say the short answer is that there was no single reason for the collapse, which was caused by a number of contributory factors.

Court Line expanded rapidly in many directions, some of which were both logical and justifiable, others not.

The overall management was throughout inadequate and it was in any event never supported by the necessary financial control. This meant that as Court Line expanded it became progressively vulnerable to any substantial setback in any of its areas of activities.

When a serious setback occurred, triggered off by the oil crisis of autumn 1973, it immediately affected the shipping aviation and leisure divisions. The group was so highly geared, so structured and having such inadequate financial control, that it might well have been brought down by a substantial reverse in any of its major activities. As it was the cumulative effect on all three divisions, when all the cash resources which would otherwise have been available had been invested unprofitably in the Caribbean, meant that the position progressively deteriorated and rendered the collapse in August 1974 unavoidable.

The report records that the statement of affairs of Court Line on August 16, 1974, a day after the collapse, showed a deficiency as regards members of £72,476,000 including £42,973,000 of contingent claims, being substantially amounts claimed by the lessors of the TriStars and other aircraft.

The statement of affairs of Clarksons Holidays showed a deficiency as regard shareholders of £23,395,000 including contingent claims from airlines and hoteliers of £12,441,000. Deficiencies were also shown by the statement of affairs of other companies in the group.

Reviewing the group's various activities, and their contribution to its failure, the Inspectors say the shipping activities, played some part, but not a major one, in the group's collapse. The circumstances of the acquisition of the ships Halcyon Cove and Halcyon Isle are described as unusual and the purchase of the Halcyon Loch, leading ultimately to loss of a £1m. loan previously put up by Court Line, as a mistake, arising from an over-optimistic assessment of the 1973 tanker market.

The acquisition of Doxford and Sunderland is seen by the Inspectors as too ambitious, resulting in financial consequences which contributed to the final failure.

Dealing with aviation, the Inspectors say: "In our opinion the lease/purchase of the TriStars was a major contributory cause of the failure of the group. While the acquisition of the aircraft was a bold decision it was in our opinion quite certainly a wrong one. Many of the subsequent problems of the group in the leisure field—particularly the acquisitions of Clarksons Holidays and Horizon, were a direct result of the acquisition of the TriStars since this took them outside the philosophy of their business as expounded to us by Mr. Young that the aviation business should be conducted like their shipping business, as charterers and not operators. We believe the group could justifiably be proud of the achievements of its holiday airline but its one failure, the acquisition of the TriStars, was a major one."

Court Line's venture into aviation in the Caribbean was unsuccessful throughout and, in the Inspectors' view, contributed significantly to the group's failure. They also remark: "It is now accepted by the Court Line directors that the whole Caribbean hotel venture was a disaster. We consider that it should have been foreseen as likely to be a disaster and should never have been undertaken on the scale it was."

The acquisition of Clarksons Holidays is found to have been a major contributory cause of Court Line's collapse. "It amounted to a burden which could not be borne. It stemmed from the obtaining of the TriStars."

In their chapter on accounting the Inspectors deal with the major extent to which Court Line relied on "off the balance sheet" financing by means of leasing for nearly £38m. of its aircraft purchases. It considers that, in view of its size, such financing should have been revealed.

Noting that no accounting standard has been published on the subject of disclosure obligations under leases and that there are no U.K. company law requirements, they add: "However, in our opinion, the amounts involved were material and should have been disclosed, together with information about the payment pattern of the Tristar leasing charges.

"Both the directors and Robson Rhodes have stated that they would have had no objection to including the information by way of note if this had been proposed—but nobody made the suggestion."

Discussing in the chapter "Certain Special Matters," the formation of the Marine Leasings company in the Bahamas in 1969, the Inspectors record that 25 per cent. of its shares were held by Mr. and Mrs. James Young, 25 per cent. by Mr. John Venus, another Court Line director, and 25 per cent. by Mr. J. W. Chapman, also a Court Line director, and 10 per cent. by Mrs. Hillaire Hollick, as nominee for Sir George Briggs another Court Line director. There were smaller holdings by Mr. R. Roberts, a St. Lucia contractor, and Mr. A. A. R. Wilson, Court Line representative in St. Lucia.

Dredger resold

The report states that Marine Leasing bought a dredger from Appledore for £36,000 (inclusive of shipping costs) and had it shipped to the Caribbean where it did dredging work, some at least for profit. Then it was resold to Appledore for £30,000 exclusive of shipping costs. "Such costs were in the region of £6,000 so the effect of the sale and purchase was that Marine Leasing had the benefit of a free charter," says the report.

Having noted some dispute about the amount of profit from the venture, the Inspectors conclude that at least £56,000 of divisible profit was made from it, before Marine Leasing being put into voluntary liquidation.

Mr. Young has said he thought he received £14,000 or £15,000, Mr. Roberts that he received £6,000 inclusive of his original investment and Sir George Briggs that he and his nominee had a clear profit of between £8,000 and £10,000. Mr. Chapman, with a 25 per cent. stake, produced a letter showing that he received £19,553 inclusive of his original £5,000 investment.

Remarking that despite close inquiries they had been "strangely unable to discover much about the finances of Marine Leasing," the Inspectors say. "We were dissatisfied with this reticence about events as comparatively recent as 1968 and 1972 which involved transactions likely to be long remembered."

They then say:

"Clear, definite information as to the whole matter, including its receipts, expenditure and the size of the ultimate profit would have enabled us to assess the full scope of the operation and would have avoided the prolonging of our inquiries and the continuation of our doubts.

"It is, however, sufficient for our purposes to have established that there was a substantial profit, that the participants shared it out between them, and that those participants who were Court Line directors did not inform Court Line or account to it for any of the profit.

"The director of a company is not entitled—even if acting completely bona fide—to make an undisclosed or improper personal profit from another source by reason of his position as a Director and if he does so he must account to the Company for it. The principle which we have just stated is often spoken of as concerning "a secret profit." It applies of course to a secret profit but it equally applies to any improper profit however widely known and even if purportedly authorised by the company.

"The amount of the profit in question does not affect the principle: a small profit does not render permissible what would otherwise be improper: a large profit does not make improper what is basically proper.

"Furthermore, the fact that risks of loss are undertaken does not affect the principle. An improper profit, however uncertain the profit was at the outset, remains an improper profit.

"Every case naturally depends on its own facts, but the only safe working rule is that any personal exploitation of one's position in a company for other dealings is prima facie improper.

"It should be a matter of instinct for a director to recognise a potential conflict of interest and to avoid it, but in case of doubt—a case which must be rare—legal advice can readily be sought. Moreover although the Board's approval of an impropriety would be of no avail full advance disclosure by a director to his Board of a potentially embarrassing situation could only be helpful. Failure to take either of the precautionary measures mentioned can, on the other hand, only create an initial impression of suspicion or negligent disregard for directoral responsibilities.

"On the admitted facts we find that Mr. Young, Mr. Venus, Mr. Chapman and Sir George Briggs each made profits out of Marine Leasing which they were at least obliged to disclose and for which they were, in our opinion, liable to account—by payment—to Court Line, neither of which they have ever done.

"However, the matter does not end there. We must consider the reason given to us for the formation of the company in the first place.

"We cannot accept the explanation put forward for the formation of the company. It sounds incredible and we consider that it is incredible. The picture of an ordinarily complacent and not very active Chairman taking a wholly unreasonable attitude about a dredger going overseas on behalf of one of his companies to work for another of his companies just does not make sense. Mr. Young was the dominant personality in Court Line and Mr. Philipps' influence was in our view even at that time slight.

We believe that the reason for setting up Marine Leasing was for those concerned to make a personal profit which they were hopeful of doing without anybody knowing apart from those immediately concerned. They utilised Court Line in order to do so by passing the dredger through and back to Appledore and charging the local Caribbean hotel company for its services. Their action remained secret until we discovered about Marine Leasing ourselves in the course of this inquiry.

"As to the amounts actually received by the said Court Line directors from Marine Leasing we find it difficult to understand why they firstly are wholly unable to produce satisfactory documentation about Marine Leasing or the money they received from it and, secondly, cannot remember very much about the whole matter.

Accounting practices

"The admitted facts above amply suffice to disclose a serious dereliction in their duties by the directors of Court Line and Appledore who were involved."

Reviewing the Court Line accounts generally, the Inspectors say they are satisfied that the accounting practices on which these were based were formulated by the directors with responsibility for the accounts, Mr. H. G. Bond in 1969-72 and Mr. M. I. Makin in 1973. Both accepted responsibility for the relevant accounts and for the directors reports.

They add: "We questioned the other Court Line directors on their involvement in the approval of the group accounts, particularly in 1973, and with the exception of Mr. Young none of the other directors were fully conversant with the overall operations of the group. This does not however enable them to escape responsibility for the overall operations of the group."

Having noted that Mr. Bond and Mr. Makin considered all Court Line's accounting practices were justified, the Inspectors say:

"It appears to us that whenever there was a doubt about the possible methods of application of accounting practices, Court Line chose the method which reacted most favourably on the profit for the year.

"We do not believe that this happened by accident. We believe it to be a deliberate decision of management. This finding is denied by both Mr. Bond and Mr. Makin.

"It was suggested to us that Court Line were not unique in their optimistic accounting practices and that there were many other companies whose accounts have been criticised for optimism. Whilst this may be true, in our view it in no way absolves the directors of Court Line.

"In addition, in the case of the MacQueen position at September 30, 1972, there was a deliberate attempt by the directors to deceive the auditors and shareholders by the concealment of relevant information. In the case of the BTI indemnity position at September 30 1973, there was similarly a deliberate attempt by the directors to deceive.

Among a considerable number of matters in the groups accounting over which the inspectors are critical is their point that a provision of £3.2m. should have been made in the Court Line accounts in connection with sums the Caribbean subsidiaries were not able to repay. No criticism on this score is made of Robson Rhodes.

The report also says that £5m. should not have been reflected as good will following the acquisition of Doxford and Sunderland, given the liabilities which were arising.

The inspectors also say that the nature of the indemnity given to BTI should have been disclosed in the 1972 accounts

Auditor's statement

The following statement was made last night by Robson Rhodes, the Court Line auditors:

The comments of the Inspectors in their report, concerning Robson Rhodes' audit work, should be read in the light of the important findings that Robson Rhodes "quite reasonably formed views on individual accounting matters which, after considerable discussion and thought, they considered, and still consider, to be reasonable," and that "although we (that is the inspectors) do not in every case agree with them, we recognise the merits of their opinions."

As to the 1973 accounts, the inspectors come to the conclusion as a matter of "judgment and opinion" that "on balance" they did not give a true and fair view. This, like the other comments on accountancy matters in the report, is essentially the view of another firm of accountants. We note that the inspectors' conclusion, reached in 1977 and thus of course inevitably with the benefit of hindsight, is expressed only "on balance." We adhere to our own audit opinion which we had to express at the time in 1974, solely on the information then available to us, and in the climate and circumstances then prevailing.

PARLIAMENT AND POLITICS

Howe challenged on Tory intention over BP shares

BY IVOR OWEN, PARLIAMENTARY STAFF

CLAIMS THAT Britain's serious unemployment situation is partly due to public expenditure failing to rise to projected levels in certain areas were disputed by Mr. Joel Barnett, Chief Secretary to the Treasury, when he opened the annual public expenditure debate in the Commons last night.

He maintained that it was misleading simply to take a total figure for shortfall and to try to translate it into an equivalent number of jobs.

As expected, Mr. Barnett faced a cross-fire of criticism with Labour Left wingers calling for an increase in public expenditure and Sir Geoffrey Howe, shadow Chancellor, insisting that there should be no further expansion, beyond the level of the out-turn in the current year, for some years to come.

Amid Tory cheers Sir Geoffrey contended that the implications of the White Paper, "The Government's Expenditure Plans, 1978-79 to 1981-82" not merely restricted the chances of cutting taxes but almost inevitably made it necessary to increase taxes in the year ahead.

He caused a flurry of excitement on the Government front bench when, in an off-the-cuff response to an intervention from the Labour backbenches, he stated: "We, on this side, are looking forward to further sales of BP shares as soon as possible."

Mr. Barnett immediately pressed for a clarification. "Are you saying," he asked, "that if, by some mischance, you ever became Chancellor, one of your first tasks would be to sell the rest of the BP shares?"

Sir Geoffrey replied: "I was not describing my first task. There are many important things to be done to put this economy right when we come back into office."

He accused Labour MPs of making a "bogus point" when they pressed him to say whether he had made a firm commitment that an incoming Conservative Government would sell off the remaining BP shares held by the Government.

But Sir Geoffrey described the action already taken by the Government in selling off a tranche of the BP shares as one of the few successful things it had done.

Dealing with the effect of shortfall in public expenditure on unemployment, the Chief Secretary argued that it was difficult to quantify the effect on demand. Many estimates of the consequences assumed that the Government took its decisions on the basis that expenditure plans would be exactly fulfilled, without any shortfall. This was just not so.

Budget decisions were based on economic forecasts which made some allowance for some overall shortfall.

Mr. Barnett emphasised that it was also necessary to take account of the different economic effects of different kinds of under spending. A considerable amount of the shortfall shown in the White Paper was on expenditure which had much smaller effects on demand than public expenditure generally.

He instanced the refinancing of export credit and the benefits obtained from extra receipts or a better trading performance by nationalised industries.

Mr. Joel Barnett

It was simply misleading, he said, to take a total figure for shortfall and try to translate it into an equivalent number of jobs.

The Chief Secretary said the dispute between the two sides of the House over the level of public expenditure should not prevent general agreement over the fact that the whole economic environment, both domestic and international, had become a good deal more uncertain and unstable.

As a consequence, most Governments had become extermely cautious about stimulating demand in their economies. In these circumstances, it was impossible to predict the prospects for the world economy and our own economy for more than a fairly short time ahead.

Any forecast must be based on inevitably uncertain assumptions.

Mr. Barnett contended that the need to retain a firm control over public expenditure was vital not only in relation to achieving existing targets but in reaching a position which would enable increases to be made at a later stage.

He accepted that the criticism made by the Commons Expenditure Sommittee on the need to achieve a better balance between capital and current expenditure had been objective and offered in a non-party political spirit. But the attempt made by the Opposition to exploit it was "blatantly dishonest."

The Conservative policy for restoring balance, he said, would have been to cut both capital and current expenditure.

Mr. Barnett asserted that the reluctance of Conservative leaders to spell out their plans for cutting public expenditure could only mean that they would involve new Health Service charges, new charges for education and massive increases in council house rents and shcool meals.

He also suggested that the reductions in transfer payments favoured by the Oppposition would result in cuts in unemployment benefit, sickness benefit and redundancy payments.

Electricity proposals surrender

BY RUPERT CORNWELL

THE GOVERNMENT has capitulated to combined Liberal and Conservative opposition and dropped its plans to legislate this session for a major reorganisation of the electricity supply industry.

Instead, an abridged version of the long-delayed Electricity Bill will be published in the next fortnight, confined to allowing compensation for the premature order of the Drax B power station and ratifying nuclear safeguards to which the U.K. is internationally committed.

The most controversial part of the planned measure, dealing with the industry's restructuring and the target of sustained Liberal attack, will now be brought forward merely as a White Paper later this year.

Mr. Anthony Wedgwood Benn, Energy Secretary, confirmed the Government's climb-down at a private meeting of Labour MPs last night at the Commons. In a swipe at the Liberals, he said the White Paper would reveal "the irresponsible and cantankerous nature of the opposition."

Rejected

Last night's events are the climax of a bitter row between the two pact partners. Mr. David Steel, Liberal leader, has expressed his anger at the failure of the Energy Secretary to comply with the consultation procedures agreed between the two parties.

But the Bill's fate was really sealed earlier in the day when the Conservatives rejected Government overtures to allow the measure through. Such a course must have sorely tempted the Opposition, as a smooth passage would have made the Liberals look distinctly foolish.

But, in the end, the Tories decided to signal their hostility, in part, because of objections to sections of the Bill which would have led to excessive centralisation but primarily because they believe that the measure, with 60-odd clauses and nine schedules was too complicated and too long to be introduced at this late stage in the session.

Lords debates next week

LORDS debates next week will be:

MONDAY: Shipbuilding (Redundancy Payments) Bill, third reading; Northern Ireland (Emergency Provisions) Bill, Commons amendments: Civil Aviation Bill, remaining stages; debate on farm prices and the Milk Marketing Board.

TUESDAY: Employment Subsidies Bill, second reading; Prayer Book (Ballot of Laity) Bill, second reading.

WEDNESDAY: Debates on mentally abnormal offenders, and on sale of arms to China.

THURSDAY: Consolidated Fund Bill, all stages; Employment Subsidies Bill, third reading; State Immunity Bill, report; debate on export of live farm animals.

VAT statement likely in Budget

MR. DENIS HEALEY, Chancellor of the Exchequer, hopes to make a statement during the Budget on the position of VAT on bad debts, *Mr. Robert Sheldon*, Financial Secretary to the Treasury, said last night.

In a Commons written reply, Mr. Sheldon said the Treasury had been reviewing the current position that, under present law, persons registered for VAT were required to account for tax on any taxable goods or services they supplied, whether or not they received payment from their customers.

Hansard price to go up

THE PRICE of Hansard is going up from 33p to 40p for the daily copy and from 90p to £1.10 for the weekly edition, Mr. Charles Morris, Minister of State for the Civil Service, said in a Commons written reply yesterday.

Jobs saved

A GOVERNMENT subsidy has saved the jobs of 200 carpet-workers at Kidderminster, Worcs. Chlydema Carpets will be paid £20 a week for the next three months for each of its full-time employees.

Communists in 'united action' call to Labour

BY RUPERT CORNWELL, LOBBY STAFF

BRITAIN'S Communist party yesterday spelt out its proposals for a minimum programme of "united action" with the Labour Party to stave off the menace of an election victory "by the most reactionary Conservative Party in decades."

The appeal comes in "An open letter to the Labour movement" presented yesterday by the party's general secretary, Mr. Gordon McLennan, in conjunction with the launch of a new edition of the Communist programme, "The British Road to Socialism."

The programme itself marks the party's espousal of the so-called "Eurocommunist" approach. It insists on the peaceful achievement of the socialist revolution, promising freedom for all democratic parties to exist, freedom of the Press and other civil liberties, and emphasising the commitment of the Left to stand down if defeated at a general election.

In a key passage on Communist links with the Labour Party, the programme says: "The Communist Party does not seek to replace Labour as a federal party of the working class . . ." but as an influential separate body, "crucial to the future of the Labour Party."

It calls for an end to the existing "bans and proscriptions" operated by Labour against the Communists. Such a step would open the way for more developed forms of unity between the two, including the possibility of future affiliation of British Communists to the Labour Party.

However, it is the appeal for a common front with Labour before the election that will attract most attention, coming, as it does, at a time when Transport House is wrestling with the whole delicate topic of how to deal with the various Communist parties in Europe.

Mr. McLennan said yesterday that 30,000 copies of the "open letter" would be printed as part of a nation-wide campaign. Copies would be sent to Labour's national executive committee, the TUC General Council, and every Labour MP.

Although the most promising approach was still through the unions, Mr. McLennan said he believed there were now specific areas where his party and Labour could make common cause to thwart Mrs. Thatcher. These issues included disarmament, higher public expenditure and the battle against racialism and unemployment.

He strongly attacked Dr. David Owen, Foreign Secretary —and, by extension, the entire Social Democratic wing of the Labour Party—for his rejection of any links with the British Communists, on the grounds that it would lead to electoral disaster.

Nor did be conceal his wish for more Left-wing policies from the Labour Government, and for a future leader, who had more genuinely socialists beliefs and who would carry out policies laid down by annual conference and the NEC.

Labour's response to these overtures is likely to be overwhelmingly hostile, even though a small minority on the Left will have no objection. Transport House is acutely conscious of the ammunition that might be afforded the Tories in an election campaign.

Pensions 'could invest extra £700m.'

BY ERIC SHORT

AN EXTRA £700m. could be available for investment this year from company pension schemes arising from higher contributions paid by workers and employers to secure better benefits.

The forecast was made yesterday by Mr. Keith Hall, head of Legal and General Assurance (Pensions Management), the largest pensions investment company in the U.K. with funds of £750m. under management.

Mr. Hall claimed that many companies had improved the benefit structures of their pensions schemes on a voluntary basis now that such improvements were outside the restrictions of the Government's pay policy.

Employers were providing higher pension and death benefits in their schemes and had greatly extended membership towards women and manual workers.

Contributions to occupational pension schemes this year would exceed £4bn., according to his estimates.

Proposals on civil liability for study

THE COST of implementing the recommendations of the Royal Commission on Civil Liability could be considerable, the Prime Minister said in the Commons yesterday.

But he promised careful Government study of the proposals, including "no-fault" compensation for road accident victims.

Mr. Callaghan said that the Government had already announced its commitment to introduce a scheme of payments for severe damage caused by vaccination.

"Decisions on the form of the scheme have been awaiting the Royal Commission's report. As soon as the relevant recommendations have been considered —this will be done as a matter of urgency—the Social Services Secretary (Mr. Ennals) will make a further statement."

Mr. Jack Ashley (Lab., Stoke-on-Trent S.) welcomed the proposal for strict liability for drug damage but added that it would be "outrageous" to insist that vaccine-damaged children must go through the courts to define strict liability.

Mr. Alex Lyon (Lab., York) said that extending the no-fault liability to those injured in road accidents would create a sense of injustice among those injured at work or at home.

Mr. Christopher Price (Lab., Lewisham W.) said much of the opposition to the no-fault liability scheme came from the legal profession. Extra public expenditure could be very much compensated for by the lesser amount of money flowing into the pockets of lawyers.

Mr. Callaghan said he shared many of Mr. Price's views and added that he would prefer to see some of the fees which went to lawyers spent in other directions.

In the Lords, Lord Hailsham (C.) said he was concerned that to make manufacturers strictly liable for injuries caused by defective products would affect the legal profession.

If motorists were going to pay a levy on petrol under a proposed no-fault scheme of State compensation, their insurance premium ought to come down.

Shipbuilding capacity target rejected

BY RICHARD EVANS, LOBBY EDITOR

THE GOVERNMENT has rejected any idea of setting a target for the future size of the British shipbuilding industry, according to Mr. Gerald Kaufman, Minister of State for Industry.

In a letter to Mr. Michael Grylls, a Tory front bench spokesman, Mr. Kaufman states: "It would be a mistake to determine a fixed level of contraction in advance."

In his view, any target could only be arbitrary given that the industry was notoriously cyclical. It would be foolish to surrender capacity prematurely when it might turn out to be needed.

Mr. Grylls, a party spokesman on shipping and shipbuilding, had urged the Department of Industry to present plans for a contracted industry able to compete effectively in world markets.

Mr. Kaufman replied that the Government's strategy was to keep any reduction in capacity to the minimum, compatible to the order situation. "It will be for British Shipbuilders, in consultation with the trade unions, to determine how to deal with the problem of any enforced contraction and how best to make use of any aid that the Government can make available," he said.

Dalyell seeks to halt devolution funds

BY RAY PERMAN, SCOTTISH CORRESPONDENT

MR. TAM DALYELL, MP, an implacable opponent of devolution, will to-day attempt to prevent the Labour Party in Scotland putting its weight behind the Government's proposals during the referendum campaign this autumn.

Mr. Dalyell's constituency party at West Lothian has tabled an amendment at the Scottish Labour conference in Dunoon, Argyll, which, if passed, would prevent party funds being used to campaign for a "yes" vote.

The move will be strongly opposed by pro-devolutionists. The General and Municipal Workers' Union is to propose a resolution calling for a "vigorous and positive campaign" by the whole Labour movement and this is likely to receive support from other major unions, notably the transport workers.

Mr. Callaghan, in an address to the conference to-morrow, is likely to stress the importance of unity within the party at a time when it is under severe pressure from the Scottish Nationalists and facing unrest over unemployment.

Urgent study of aid to farmers

MR. JOHN SILKIN, Agriculture Minister, said yesterday that he was giving "urgent consideration" to providing aid for farmers who suffered losses during the recent bad weather. He hoped to be able to give MPs further information before the Easter recess.

Mr. Silkin said he had had two meetings with the president of the National Farmers' Union. "We discussed various ways in which farmers, who have suffered losses, might be helped, including the union's readiness to evolve a method of self-help by the industry and their request for a Government contribution."

New factory

CAMILLE SIMON, a soap powders and detergents manufacturer, is to occupy a 10,000-square-foot advanced factory built by the English Industrial Estates Corporation for the Department of Industry at Park Road, Barrow in Furness, Cumbria.

LABOUR NEWS

Union leaders seek pledge on future of Singer factories

BY OUR GLASGOW CORRESPONDENT

SENIOR shop stewards from the Singer Company's European sewing machine plants are to meet next month to discuss a joint approach to the U.S.-owned company for assurances on the future of their factories.

The meeting is being called by the European Metalworkers' Federation at the request of stewards at Singer's Clydebank factory, near Glasgow.

Mr. John McFadzen, convenor of the Clydebank unions, said yesterday that the company had refused to give any assurances on the future of the plant, which employs 5,300, and that heavy redundancies or even closure may take place.

Mr. McFadzen said Singer was carrying out a worldwide sourcing survey to determine future manufacturing requirements after a decline in world demand for domestic and industrial machines. The company was expected to make an announcement in June.

Mr. McFadzen is to lead a deputation of Clydebank stewards to lobby the Prime Minister when he attends the second day of the Labour Party annual Scottish conference to-morrow at Dunoon.

The stewards want Mr. Callaghan to make his own approaches to the company to find out its intentions.

● NATIONAL union officials meet members of the Birds Eye Board to-day to ask the company to rescind dismissal notices given to 1,200 workers at its meat pie factory in Kirkby, Liverpool. The 110 engineers, whose strike over pay led to the workers being dismissed, voted at the week-end to accept the company's formula for a return to work. The Board meets on Monday, when a decision on the notices is expected.

Short-time working 'will not save textile jobs'

BY OUR LABOUR STAFF

THE GOVERNMENT scheme for short-time working to make up for restrictions on the Temporary Employment Scheme would not prevent redundancies textile industry leaders said yesterday. The Government believes that it will not only save present jobs but prevent others coming into danger.

They were, however, relieved that since the trading position had not improved, companies that had exhausted their subsidy entitlement would be able to apply for the short-time working scheme.

Mr. Bob Lloyd-Jones, director general of the British Textile Employers' Association, said that the Government has acted as well as it could considering the political pressure from the EEC.

The subsidy scheme and a short-time working scheme, were entirely separate concepts and the latter was not a substitute for the former. He said: "The subsidy scheme has saved many thousands of jobs in the textile industry during the past 12 months, at a time when the economy could not afford any increase in unemployment.

"There is now a very serious threat that the textile industry could fall below the basic production level at which it could offer the domestic market a full range of products even if the situation improved dramatically."

The British Clothing Industry's Joint Council welcomed the Government's announcement on the future of the employment subsidy, although the council had strong reservations about the practicability and effectiveness of a short-time working scheme.

Ban may hit papers again

BY PHILIP BASSETT

NEWSPAPER deliveries in the London area were expected to be hit again to-day for the third day running, because of an overtime ban and work-to-rule by distribution staff at newspaper wholesalers.

The dispute involves the annual pay claim of 1,000 members of the Society of Graphical and Allied Trades.

A 10 per cent. increase in overtime pay has been made, but the workers want consolidation of Stages One and Two payments and an unsocial hours payment in the overtime figure.

Talks between national union officials, representatives of the SOGAT London Central branch and the Federation of London Wholesale Distributors were understood not to have reached a solution yesterday.

Overtime is especially important for distribution staff, and an overtime ban can mean an almost total absence of papers.

Building employers' 10% offer turned down

By Christian Tyler, Labour Editor

BUILDING and civil engineering employers yesterday made a pay offer thought to be close to the Government's 10 per cent. earnings limit.

In cash terms, it would provide over £7-a-week on average for the 700,000 workers covered by the national agreement, according to employer estimates of current earnings.

Leaders of the four unions involved said the offer was not acceptable, and another meeting was called for the end of the month.

The unions are claiming a substantial increase in pay, consolidation of supplements, a fourth week's holiday, a 35-hour week—a cut of five hours—and improvements in sick pay. Their claim is estimated by the building employers to amount to between 40 and 50 per cent.—and more if the shorter week is included.

Present minimum earnings for 40 hours are £54.60 for craftsmen and £47.70 for labourers. On-site payments may be a few pounds on average higher than that.

The Society of Civil and Public Servants did not receive an offer, as they expected yesterday, in reply to their annual pay claim, which ranges from 22.4 to 27.9 per cent.

The offer to all eight Civil Service unions is likely to be 9½ per cent. with another ½ per cent. for consolidation of Phase One and Two increases.

Booth meets engineers on exemption

By Our Labour Editor

THE CABINET committee on pay policy will shortly decide whether to vary the guidelines—especially the 12-month rule—for some engineering companies, so that a national engineering wage agreement can be signed.

Mr. Albert Booth, Employment Secretary, yesterday met a joint deputation from the Confederation of Shipbuilding and Engineering Unions and the Engineering Employers Federation to hear their case for exemption for low-paying companies.

The two sides have reached agreement in principle on the introduction of new minimum rates, and a threatened two-day strike was called off.

But the federation made it clear yesterday that it would sign the agreement before it heard the Government's decision, to avoid the risk of sanctions.

Pit men break area output record

MINERS in Yorkshire have broken a record and climbed above the national average for output of coal per man.

This is revealed in production figures released by the National Coal Board.

Figures for the week ending March 11 show that Yorkshire miners brought up 695,000 tons of coal—the highest weekly total for more than a year. National average output per man-shift is 46.9 cwt., but in Yorkshire miners have achieved more than 50 cwt.

Jones at Palace

Mr. Jack Jones, retiring general secretary of the Transport and General Workers' Union, went to Buckingham Palace yesterday for a 20-minute audience with the Queen to become a Companion of Honour.

Equality guides

The Equal Opportunities Commission published two guides yesterday explaining the rights of employees and the responsibilities of employers under the Sex Discrimination Act 1975.

Tally clerk threat

Tally clerks in London docks are expected to start an overtime ban and to withdraw all co-operation on Monday after rejection of a pay offer.

Apology sought

The National Union of Bank Employees yesterday demanded an apology from Judge Mark Smith who criticised a leading bank for the way it allowed £6,200 to be drawn from an 80-year-old man's account.

Yorkshire militants say no to power pay offer

BY PAULINE CLARK, LABOUR STAFF

MILITANT Yorkshire power workers, including leaders of the unofficial work-to-rule in November, will recommend rejection of the latest pay offer to 93,000 workers in the industry. They call on shop stewards throughout the country to back their decision.

At the meeting yesterday of the unofficial Yorkshire Area Committee there was only one abstention from the decision to fight the offer. National union officials will make no recommendation in the ballot, which is over the next five weeks.

Voting is on a 10 per cent. basic pay increase plus £5.60-£6 more from productivity, amounting to a total rise of up to 18 per cent. Union leaders have said they will make it clear that a vote against will be tantamount to voting for industrial action.

The Yorkshire shop stewards probably represent little more than 3 per cent. of the workers in generating stations, but were effective as leaders of last year's unofficial work-to-rule because of the number of big power stations in their area.

They have indicated that they will accept the results of the ballot.

As in November, distrust of union officials has been behind the new show of militancy.

Average weekly earnings in the industry are put at £79.95 ranging from £65.25 for a labourer to £82.95 for craftsmen, with just over 90 per cent. getting productivity bonuses.

Union rejects Barclays revised productivity deal

BY PHILIP BASSETT, LABOUR STAFF

AN ATTEMPT by Barclays to introduce greater flexibility in bank opening hours has reached stalemate. The executive committee of the National Union of Bank Employees voted yesterday to reject a revised productivity deal.

The union which wants a productivity deal for its 111,000 members, did not want to accept the present Barclays offer which would have given them extra increases of between four and six per cent. because of the conditions about opening hours and branch closures attached to it.

Barclays is faced with two choices: either to put another deal together, which it does not want to do because the other banking union, the Barclays Group Staff Association, has accepted the package; or to try to bring in flexibility, which would be bound to cause trouble with union members.

The union has rejected one productivity deal because it had Saturday opening attached as a condition. The Barclays attempt is being looked upon as a test case by other clearing banks.

Owen plea on black workers

BY OUR LABOUR STAFF

THE FOREIGN Secretary is anxious that British companies in South Africa should recognise trade unions for black workers, Mr. Jack Jones, general secretary of the Transport and General Workers' Union, said after a TUC meeting with him yesterday.

The TUC delegation, which included Mr. Jones, Mr. Len Murray, TUC general secretary, and Mr. Ray Buckton, general secretary of the Associated Society of Locomotive Engineers and Firemen, met Dr. David Owen as part of the international trade union week of protest on South Africa.

After the meeting, the delegation said it was impressed with the Foreign Secretary's attitude towards the problems of black workers in South Africa.

Mr. Jones said that Dr. Owen supported the EEC code of conduct for companies in South Africa and had promised to continue to give all the help he could.

Mr. Jones said that the 200 British companies operating in South Africa, including British Leyland, British Steel, Unilever, Metal Box and ICI, should encourage black trade unions because South African companies were resistant to the idea.

● Mr. David Basnett, TUC chairman and general secretary of the General and Municipal Workers' Union, called on trade unionists to urge British companies with South African subsidiaries into giving trade union rights to their black workers. His union would be putting pressure on companies picked by the TUC as priority cases.

● The National Union of Hosiery and Knitwear Workers has asked companies in which it is a shareholder and which have South African interests whether they are complying with the EEC code of conduct in their treatment of black workers.

BOOKS

Fiction

The old firm again BY C. P. SNOW

The Human Factor by Graham Greene. Bodley Head. £4.50. 339 pages

Graham Greene has been a professional writer for 50 years, and has produced much work—not so much as his 19th century predecessors would have done in a similar period, but a lot for our own time. So it was natural to wonder whether this latest novel would show a slackening of pulse. Technique doesn't desert a writer after a lifetime, but impulse has been known to.

No one need have worried about Greene. There is no lack of impulse discernible in this book, after more than twenty novels. *The Human Factor* isn't quite in the first rank of his fiction, not as effective as *The Power and The Glory* or *The Honorary Consul*, but probably takes its place in the best seven or eight. And that would be good enough for most men.

He has reworked some of his earlier themes, with his unpretentious virtuosity and with a difference in stress. The difference *in* stress makes clearer the ultimate singularity of nearly all his creative writing. He has a story with enough structure to carry the emotional weight and he tells it with his usual command of narrative. In fact, with more than his usual command. Once upon a time, in order to maintain maximum speed throughout, he was apt to leave out too much; too much, that is, of the substance of a novel. He hasn't done that this time. He hasn't been afraid, when it is necessary or desirable, to slow down.

His hero is a dullish, kind, decent man, working in the Secret Intelligence Service, known anachronistically as MI6. He does his job conscientiously, not brilliantly. He seems to have been designed for an habitual domestic existence. The "firm" sends him to South Africa. He becomes something of a specialist in African affairs. His first wife has died, and he falls in love with a black girl. She has a child by a black man, Castle (the hero of the book) being sterile. His South African opposite numbers are quick to spot his love-affair. They want to arrest the girl, so as to have Castle under their control. He manages to extricate her and the boy through the leadership of a brave and large-hearted communist called Carson.

The hero hasn't many ties of affection, but those he has run very deep. He adores the girl and (rather surprisingly) the little boy, and feels passionate gratitude to Carson. Carson asks him to do him a favour or two when he gets back to London, passing on items of information about apartheid. Castle detests apartheid as much as the committed communist does, and has personal reason for doing so. Anyway, his emotional obligations rule him, and he says yes.

Those preliminaries disentangle themselves in the course of the narrative, which actually begins with Castle doing his moderately pedestrian duty in MI6 in London, looking after his beloved black girl, whom he has now married, the two of them and her boy living a comfortable middle-class life in Berkhamsted. The other side of Castle's life, less comfortable, consists of passing communications to his KGB control. That is getting more precarious each day. He wants above all to escape from it and put his feet up. It is important to remember that he didn't enter this shadowed existence out of conviction or devotion to a faith. He is no Philby (anyone who reads under that delusion is going to interpret the book all wrong). Castle has only obeyed what to him are simple human imperatives.

By an ingenious twist in the story, he is finally suspected and has to quit. He is duly conveyed on an escape route to Moscow, where he is left, lonely, at the end.

The book is characteristic of Greene in good form. It is shot through with his sharp, sad humour. It is kept lively by his eye for naturalistic detail. That latter gift of his often persuades one that the book is more realistic than it actually is.

It is much more a melancholy parable than a realistic novel. One of the key events is the arrival of the highly placed South African security agent. He has come to London to conduct critical negotiations with MI6. He is an old enemy of Castle's and has previously persecuted Castle's wife. Castle is deputed by the chief of MI6 to entertain the Afrikaner and to be his closest contact in London. Security agencies can make silly mistakes, but not that kind of mistake. Castle would, of course, have been packed carefully away, black wife and all, possibly on a harmless mission to Scandinavia. Greene hasn't much trust in the existence of virtue, which gives him some of his underlying power. But he sometimes seems to confuse virtue with elementary competence, and has no trust in the existence of either.

One doesn't read Greene for that kind of realism, however. His abiding claim, his ultimate singularity, isn't even his mastery of atmosphere, his evocation of what the conventional wisdom classifies as his seedy townscapes. There is nothing seedy about Castle's trim, bourgeois home in Berkhamsted. The quality in Greene that tightens the nerves is that, more than anyone alive, he expresses the poetry of being an outsider, an alien, one man in his solitude. Castle cannot believe in anything, neither Jesus, nor the Revolution. He isn't searching for the City of God, or the City of Marx, but, without hope, for the City of Peace of Mind. He has nowhere to belong to, and nowhere to stand. He is an exile everywhere. His final exile in Moscow, which is the most haunting passage in the whole work, is a statement about all those men who are exiles by nature.

For some, as for me, it will stab deeper than any similar statement by Samuel Beckett, being less metaphysically composed, more defencelessly naked to it.

The body of a Predynastic man from Gebelein. Naqada culture II. c 3300 BC—from "The Illustrated Encylopedia of Archaeology" edited by Elaine Paintin (Macmillan £8.95, 224 pages). This is an up to date work of reference compiled with the needs of the non-specialist reader in mind.

Patrician air chief By MICHAEL DONNE

Portal of Hungerford by Denis Richards. Heinemann, £9.50. 436 pages

It is easy 35 years after any event for moralists and others to criticise, and Britain's war-time bombing policy of Germany has been given more than its fair share of this kind of carping, especially by some now comfortably esconced in the security that policy won for them. What these critics fail to take into account is the unique circumstance of the time, with Britain fighting for survival against a ruthless and well-equipped enemy, resulting in the need for equally determined and ruthless counter-measures.

One of the principal architects of Britain's riposte against Germany was Charles ("Peter") Portal, the Chief of the Air Staff throughout most of the war, and Denis Richards' official biography for the first time tries to correct some of the misunderstandings that Portal's policies have generated over the subsequent years. It becomes clear that Portal himself had occasional misgivings about the effects of bombing on civilian populations, but that the enemy's own behaviour—and the possibility in 1941, when things were going badly for Britain, that Germany might win the war—led him to believe that strategic bombing was not only right, but indeed the only significant weapon available with which Britain could hit back at that time. Portal's view was shared by Churchill, despite some later apparently politically-inspired misgivings on the latter's part.

But Portal's basic belief that the strategic bombing of oil and industrial installations was essential also appears to have been shared by the enemy himself. The recently published extracts from the Goebbels' diaries indicate that he attributed Germany's ultimate collapse to the economic and moral damage resulting from the activities of RAF Bomber Command. It is probable that there will always be debate about the moral and strategic implications of the Bomber Command offensive, but at least there is now a reasoned exposition of the other side of the argument, based on many of Portal's own hitherto unpublished memoranda and other documents.

What these private papers also do is give a deeper insight into Portal's mind—insofar as any biographer can penetrate such an extraordinarily self-contained patrician, aloof and even self-effacing individual. Indeed, some of the most fascinating aspects of the whole biography are those which directly relate to Portal's own character, his family circumstances, upbringing, education and early career. Inevitably, the biographer is sympathetic, even eulogistic, but Portal still emerges as a cold, often unapproachable, personality, of high moral rectitude, of razor-sharp intellect, a demon for hard work, and a strong disciplinarian to his staff. Although not a son of the manse, the character is that of many of that kind—and Britain has reason to be grateful, for although it is going too far to suggest that without him, Britain might never have won the war, he nonetheless had a vital influence upon its course, which might not have been the case had his personality been warmer and softer.

What is also remarkable, however, is that once he had left the RAF, and entered the City and business life, Portal was less successful. He was out of his element, and his tendency not to want to use his undoubtedly powerful influence with politicians and civil servants probably cost him some of the acclaim and financial success he might otherwise have had. But for all that, he was nonetheless a highly valued chairman or Board member of a number of major companies, including latterly the British Aircraft Corporation, where his vast experience of high-level committees stood him in good stead. He was essentially a man of his time. He rose steadily to the top in his primary profession—that of being an airman—and was ready when his country needed him and served it well. All the rest is insignificant when compared to that.

More fiction

Hiring and firing BY MARTIN SEYMOUR-SMITH

A Patriot for Hire by Andrew Sinclair. Michael Joseph. £4.50. 187 pages

The Ivankiad by Vladimir Voinovich. Translated from the Russian by David Lapeza. Cape. £3.95. 132 pages

The Liberation of Rupert Bannister by Martyn Goff. Macdonald and Janes. £3.95. 184 pages

No Mama No by Verity Bargate. Cape. £3.50. 136 pages

The Assumption of the Rogues and Rascals by Elizabeth Smart. Cape and Polytantric Press. £3.50. 123 pages

A Patriot for Hire is an expertly complex thriller and a satire on—or perhaps it is partly a prophecy about—contemporary politics. Andrew Sinclair is known as the biographer of Che Guevara, as a lively if perhaps rather unlucky film-maker, and as a novelist devoted to the early history of this island. *A Patriot for Hire* is, in the last analysis, "about" patriotism—a word that it is not afraid to use, even though it fully recognises the Johnsonian aspect, the "last refuge of a scoundrel."

It is 1979 (only *next year*: Sinclair believes in unnerving us), and a "Conservative" government is in power, following the split of the Labour Party. There is only one Liberal left in the House of Commons (he seems to represent the conscience of the country). The government is not of the kind we should expect: it is in the hands, or more or less in the hands, of the Russians. Power is divided. The Cabinet survives by an arrangement with the extreme left and the unions.

Against this depressing background Sinclair tells his story of a veteran agent, Patrick Abernethy. Abernethy, an ex-Communist who is still by no means right wing, is called into service when a Russian scientist visits this country: the government dare not refuse him, but a number of people would like to kill him because they believe that he was responsible for the Katyn massacre. The values upon which Abernethy finally falls back will interest readers, who will also enjoy a first-class thriller. This is not, perhaps, quite as substantial as *Gog* and *Magog*, two of its predecessors, but it is just as skilful and just as deeply felt.

It is strange that Vladimir Voinovich, outspoken satirist of the Russian way of life (he was once a model Soviet literary man), goes free. *The Life and Extraordinary Adventures of Ivan Chonkin* was a bitterly comic exposure of Stalin's unpreparedness for war; the Soviet authorities suppressed it, and he published a translation — to acclaim—in the West.

Now comes his account of his attempts to move from his one-room apartment in a Writers' Co-operative to a three-room apartment: the Co-operative Assembly has granted him permission, because his wife is expecting a baby. But a certain Ivanko stands in his way. . . .

This is said to be a true story; certainly it reads like one. It is hilarious and yet, I think, usefully revealing about many of the bad things about ordinary life in Russia.

The Liberation of Rupert Bannister, Martyn Goff's eighth novel, is about a Sales Director in the publishing trade who is suddenly fired as the result of a take-over. Rupert Bannister discovers that he has been complacent: he has not been half as good at his job as he believed. His marriage, he also discovers, is really on the rocks—and his notion of his relationship with his son and daughter has been based on fantasy. He takes a severe battering before he finds some kind of haven.

This is patchy, very good at times—as when Rupert goes to visit his old and now bought-out employers, and finds out what they really thought of him—and rather bad at others, as in the account of the affair which Rupert has with a girl young enough to be his daughter. But it is intelligent, generally convincing and readable. Particularly good are the passages dealing with Rupert's shaky relationship with his wife.

Verity Bargate, who runs the Soho Poly—one of London's leading fringe theatres—has written an excellent and unusual first novel. It is a sympathetic and disturbing account of a strange mental illness which assails a young woman after she has given birth to a second son. She had wanted a daughter, and the shock and misery into which she is plunged send her into madness. It would be wrong to give away how she behaves—but she ends up by being forced into hospital. I am not at all sure that the psychiatrists whom she sees in the course of her illness—which the author treats with great insight—would in fact be quite so cruel, stupid and awful, at least I hope not. This is a most outstanding first novel: economic, lucid, frightening, coherent.

Elizabeth Smart is most famous for the now legendary novel *By Grand Central Station I Sat Down and Wept*, which was recently reprinted. Since then Ms. Smart has published a book of poems, *Ronus* (1977); now she offers us another novel, *The Assumption of the Rogues and Rascals*. Parts of it, at least, were written long ago, and, unlike *By Grand Central Station*, it has dated. But not too much to its detriment—at least for those of us who remember the Fifties. This is about a woman's urge to survive and yet to make the best of the company of "rogues and rascals"—the only men whose company she really enjoys.

Scotch mist BY COLLEEN TOOMEY

The Wild Island by Antonia Fraser. Weidenfeld and Nicolson. £4.25. 192 pages

Antonia Fraser's Jemima Shore is back in action again. This time in the expansive setting of Scotland's wild country which should, by sheer size, provide more room for action than the convent in which Antonia Fraser's last mystery novel had her character encased.

Jemima, television reporter, steps from her train at Inverness in the (vain) hope of a quiet holiday away from her demanding job. An unusual funeral is followed by bizarre snippets of action. The story is ostensibly about the conflicts among a group of people in an isolated part of Scotland. Conflict between the Beauregard family over the inheritance of land and castle; conflict of the established landowners with a bunch of royalist ("Up the Red Rose") fanatics. It is also about the tug of loyalties within these groups. Around this is entwined murder, mystery and intrigue.

An interesting saga — but a stilted and self-conscious book. Antonia Fraser has not conveyed the splendour of the Highlands she knows well, describing the countryside in Disneyesque terms. Splendid characters are created then left to languish. Harsh criticism perhaps—but it is the potential that glares and only occasionally comes to fruition.

Natural man BY RACHEL BILLINGTON

Edward Thomas: A Poet for his Country by Jan Marsh. Elek. £7.95. 225 pages

Edward Thomas was born 100 years ago this month. Yet he only wrote his first poem on the outbreak of World War I when he was 36. It had at last become possible for him to express in poetry his thoughts on the relationship between man and the countryside. Just over two years later, he was dead—killed in the Battle of Arras.

Both halves of his life story are equally extraordinary. Thomas published his first book when he was 19 and was consistently involved in the literary and poetic world of his day. But even in 1913 he said, "I couldn't write a poem to save my life." In 1915 Thomas was well over the age when there was any pressure for him to enlist. Indeed he had many pacifist friends who would have pressured him the other way. But he insisted on going to the actual battleground.

In *Edward Thomas: A Poet for his Country*, Jan Marsh has set out to find an explanation to both these conundrums. Her approach is straightforward, and if she doesn't succeed totally in what is probably too rigid an objective, she yet puts down very clearly the influences which shaped Thomas's thinking and analyses the poetry with a sympathetic ear. Her free use of quotations from his prose works but particularly from the poetry would make this a useful introductory study for anyone who has still to appreciate Edward Thomas.

Ms. Marsh suggests that Thomas found himself caught in the web of the 19th century "pastoral-aesthetic." As a young man he believed deeply in the "Back to the Land" or "Back to Nature" movement which he wrote about often and actually became Edward Jefferies' (author of *Bevis* and *After London*) biographer. This belief sent him from a London suburb to spend his life in a series of country cottages.

"He idealised the countryside" [Ms. Marsh says] both in his life and in his writing, and expresses his feelings for it through a correspondingly idealised or poeticised language such as was fashionable among the aesthetes of the time. Neither the attitude nor the language was intended for dealing with real life, and when confronted with the actualities and emotions of real life they could not withstand the strain. . . . Before he could emerge again as a creative writer and a poet he had to adjust himself, slowly and painfully, to a new kind of writing and a new kind of thinking.'

In general terms, this change became possible as the change in poetic language with, for example, the publication of *Georgian Poetry* in 1912, encouraged him to drop the excesses of his style. As the poet Lascelles Abercrombie put it,

'the whole of language must be left open to the poet. We cannot allow any pedantic hedgerows to fence him out of this tract or that, with notices stuck up alleging that it is too new for him or too old, or too scientific, or too commercial—or even too poetic.'

In personal terms, he was helped by his friendship with Robert Frost who picked out a paragraph from his country book, *In Pursuit of Spring* (1914) and told him 'to write it in verse form in exactly the same cadence.' He also met about the same time Eleanor Farjeon who gave him a more feminine admiration and encouragement.

The final impetus came from the war which suddenly brought Nature into a focus outside his own search for self-fulfilment. This was England, his country, threatened not by undefined fears of his own making but by a recognisable foe.

'I am one in crying, God save England, lest
We lose what never slaves and cattle blessed.'

Why he then felt the need to sacrifice himself to this war which had given him a reason to live and be content is a more complicated question. Perhaps it was in thanksgiving. Perhaps it was the logical outcome of all his poetry on the subject. Clearly, it seemed so to him.

'There is not any book
Or face of dearest look
That I would not turn from now
To go into the unknown
I must enter and leave alone,
I know not how.'

Perhaps he needed the prospect of death to make life worth living. Perhaps he was afraid that his poetry would leave him again. At least he would have founded perfection in death. Thomas, himself, said he had volunteered for the front in order to get a larger pension for his wife, Helen.

Throughout this book, Helen Thomas' extraordinary descriptions of married life in *As it Was* and *World without End* supplements the biographical details. So vivid is her picture of pastoral joys and problems that it tends to dominate Thomas' life. It comes as a shock to discover that at one point Thomas thought divorce was the only answer to his recurrent depressions. Poverty was a major problem. But a poverty exacerbated by isolation and a wife whose earth-mother fortitude only served to heighten Thomas' sense of his own inadequacy. Inadequacy in the face of nature.

This is a common enough sense felt by many intellectual beings who reject God and seek some replacement in nature. Happily for us, though not for Thomas, it was this conflict which inspired him to some of his greatest poems. A mere celebration of nature could never satisfy him for long. His centenary was marked among other events by an eight-mile walk across the fields he knew so well from Steep to Selborne. It was a perfect March morning, the sun almost spring-like. I remembered Thomas' poem, "The Cuckoo." The poet's children hear the bird's song but he is only reminded of the old man's voice calling his sheep who died at the time the children last made him listen for the herald of spring.

'And I think that even if I could lose my deafness
The cuckoo's note would be drowned by the voice of my dead.'

It may be perverse to wonder what poems Edward Thomas might have written from a city. Yet it emphasises the truth that in all Thomas' great poems his appreciation of nature is only used to serve his study of man.

Helen Thomas in 1898, aged 21

*** The Collected Poems of Edward Thomas with a foreword by Walter de la Mare (1944) is published by Faber at £2.50; the Selected Poems of Edward Thomas with an introduction by R. S. Thomas (1964) is a Faber paper back at 95p. A new volume, The Collected Poems of Edward Thomas edited by R. George Thomas is announced for publication in September by the Oxford University Press at £15.00. As it Was and World Without End by Helen Thomas are published in one volume by Faber at £1.10.

Neapolitan ice BY JOHN DUNSTAN

Naples '44 by Norman Lewis. Collins. £4.95. 206 pages

Nowhere does Italy play out its tragedy with so lyrical a strain as Naples. As a member of the Field Security Police, Norman Lewis saw Naples—"the only Eastern city without a Western quarter"—in the aftermath of the Salerno landings. His vignettes show it devastated, bombed, blackened by war, its inhabitants reduced to near-starvation. How they make shift to survive takes on the extravagancies of the surreal. Princes living worse than beggars try to sell their sisters to the British Army. Voluptuaries able to trace their ancestors back to Ancient Rome drink gold leaf dissolved in wine, then end in clink for black market activities. Thieves rip off manhole covers and State treasures, only to find the treasures are fakes left by earlier robbers. Elsewhere, Moroccan rapists tour the countryside in jeeps, led by a sergeant who "dresses as a female when not in action." For more tangy episodes—the black-comedy, and blacker tragedy, that ensues when Mars collides with Venus—readers will have to consult *Naples '44* itself.

I would have preferred a continuous narrative to the diary form the author adopts, but Mr Lewis's reporting has the taste of reality. Armchair travellers will feel that here they are smelling for themselves the reek of Italy under the red-hot rake of war.

APPOINTMENTS

COMPANY NOTICES

PANWIT TRUST S.A.

société anonyme
(in voluntary liquidation)
Commercial Register
LUXEMBOURG Section B No. 8 131
LIQUIDATOR'S NOTICE TO SHAREHOLDERS

In accordance with the resolution passed at the shareholders' meeting on 10th March, 1978 the dissolution of the Company will be implemented as follows:

A first distribution, representing the net proceeds of realisation of all the Trust's investments other than the share capital of Panwit (Hong Kong) Limited will be made at the rate of:—

U.S. Dollars 2.30 per share.

A notice regarding the second distribution will be published as soon as realisation of Panwit (Hong Kong) Limited can be achieved on satisfactory terms.

Within 14 days from the date hereof there will be posted to each holder of registered shares in the Trust at his registered address and at his risk a U.S. Dollar cheque in respect of his entitlement in the first liquidation distribution.

Payment instructions forms are available to holders of bearer shares in the Trust at the office of Banque Générale du Luxembourg, 14 Rue Aldringen, Luxembourg. Holders of bearer shares should lodge their share certificate with coupons 3-30 attached thereto with the Banque Générale du Luxembourg together with a completed payment instructions form. The share certificates will be retained by Banque Générale du Luxembourg. Payment in respect to the entitlements of bearer shareholders in the first liquidation distribution will be made within 14 days thereafter.

Dated 17th March, 1978

Signed L. Miles, (Liquidator)

NOTICE OF RATE OF INTEREST

U.S. $ 25,000,000

SUMITOMO HEAVY INDUSTRIES, LTD.
(Incorporated with limited liability in Japan)

Guaranteed Floating Rate Notes Due 1983

Unconditionally guaranteed as to payment of principal and interest by

The Sumitomo Bank, Limited
(Incorporated with limited liability in Japan)

In accordance with the provisions of the Notes and Agent Bank Agreement between Sumitomo Heavy Industries, Ltd., The Sumitomo Bank, Limited and Citibank, N.A., dated March 7, 1978, notice is hereby given that the Rate of Interest for the initial 6-month Interest Period has been fixed at 7⅞% p.a., and that the interest payable on the relevant Interest Payment Date, September 16, 1978, against Coupon No. 1 will be U.S. $40.25 and has been computed on the actual number of days elapsed (184) divided by 360.

March 17, 1978

By: Citibank, N.A., London. Agent Bank

CITIBANK

GRAND METROPOLITAN (FINANCE) LIMITED

London

6 per cent Loan 1973-88 of Swiss Francs 80,000,000
(Security Number 363,276)

In accordance with Section 3 of the terms of the Loan, the above-mentioned issue has been called for repayment in advance at 103 per cent of its principal amount on: 15th June, 1978

Consequently, on and after 15th June, 1978, the bonds should be presented for redemption with all unmatured coupons due on and from 15th June, 1979 attached, at the counters of any of the branches and offices in Switzerland of the following banks:

Credit Suisse	Union Bank of Switzerland	Swiss Bank Corporation
Bank Leu Ltd.	Swiss Volksbank	Members of the Groupement des Banquiers Privés Genevois
A. Sarasin and Cie	Private Bank and Trust Company	Members of the Groupement des Banquiers Privés Zurichois

Members of the Union des Banques Cantonales Suisses

By Order: CREDIT SUISSE

DURBAN ROODEPOORT DEEP, LIMITED

(Incorporated in the Republic of South Africa)

A Member of the Barlow Rand Group

NOTICE OF MEETING

Notice is hereby given that the eighty-first annual general meeting of Durban Roodepoort Deep, Limited will be held in the conference room, eleventh floor, 63 Fox Street, Johannesburg, on Thursday, 20th April, 1978, at 15h30 for the following business:

1. To receive and consider the audited annual financial statements for the year ended 31st December, 1977.
2. To elect directors in the place of those retiring in accordance with the provisions of the company's articles of association.
3. To place the unissued shares under the control of the directors.

The register of members of the company will be closed from 14th to 20th April, 1978, both days inclusive.

A member entitled to attend and vote at the meeting may appoint one or more proxies to attend and speak and, on a poll, vote in his stead. A proxy need not be a member of the company.

For the convenience of members who are unable to attend the meeting but wish to be represented thereat, a proxy form will be sent to members on request to either the transfer secretaries in Johannesburg or the secretaries in the United Kingdom. The attention of members is drawn to the fact that, if it is to be effective, the completed proxy form must reach the company's transfer secretaries in Johannesburg or its United Kingdom registrars and transfer agents, at least forty-eight hours before the time appointed for the holding of the meeting (which period excludes Saturdays, Sundays and Public Holidays).

Holders of share warrants to bearer who desire to be represented at the meeting must produce a certificate of their holding from an authorised depositary at the bearer reception office in the United Kingdom, or they must produce their share warrants at the office of the Paris correspondents, in both cases at least ten days before the date appointed for the holding of the meeting and shall otherwise comply with the "Conditions governing share warrants" in force. Upon such production a proxy form will be issued under which such share warrant holders may be represented at the meeting.

By Order of the Board
RAND MINES, LIMITED
Secretaries
per W. J. A. Brand

London Office:
40 Holborn Viaduct
EC1P 1AJ

EAST RAND PROPRIETARY MINES, LIMITED

(Incorporated in the Republic of South Africa)

A Member of the Barlow Rand Group

NOTICE OF MEETING

Notice is hereby given that the eighty-second annual general meeting of East Rand Proprietary Mines, Limited will be held in the conference room, eleventh floor, 63 Fox Street, Johannesburg, on Thursday, 20th April, 1978, at 14h30 for the following business:

1. To receive and consider the audited annual financial statements for the year ended 31st December, 1977.
2. To elect directors in the place of those retiring in accordance with the provisions of the company's articles of association.
3. To place the unissued shares under the control of the directors.

The register of members of the company will be closed from 14th to 20th April, 1978, both days inclusive.

A member entitled to attend and vote at the meeting may appoint one or more proxies to attend and speak and, on a poll, vote in his stead. A proxy need not be a member of the company.

For the convenience of members who are unable to attend the meeting but wish to be represented thereat, a proxy form will be sent to members on request to either the transfer secretaries in Johannesburg or the secretaries in the United Kingdom. The attention of members is drawn to the fact that, if it is to be effective, the completed proxy form must reach the company's transfer secretaries in Johannesburg or its United Kingdom registrars and transfer agents, at least forty-eight hours before the time appointed for the holding of the meeting (which period excludes Saturdays, Sundays and Public Holidays).

Holders of share warrants to bearer who desire to be represented at the meeting must produce a certificate of their holding from an authorised depositary at the bearer reception office in the United Kingdom, or they must produce their share warrants at the office of the Paris correspondents, in both cases at least ten days before the date appointed for the holding of the meeting and shall otherwise comply with the "Conditions governing share warrants" in force. Upon such production a proxy form will be issued under which such share warrant holders may be represented at the meeting.

By Order of the Board
RAND MINES LIMITED
Secretaries
per T. A. Cross

London Office:
40 Holborn Viaduct
EC1P 1AJ
16th March 1978

COMPANY NOTICES

CANON INC

Advice has been received from Tokyo that the 77th Ordinary General Meeting of shareholders of the Company will be held at its Conference Room at 30-2 Shimomaruko 3-Chome, Ohta-Ku, Tokyo 144 at 9 a.m. on Thursday 30th March, 1978.

The Agenda is as follows:

Item No. 1 Re. Approval of the business report, balance sheet, income statement and profit appropriation plan for the 77th term (from January 1, 1977 through December 31, 1977).

Item No. 2 Re. Report on matters relating to the merger of Canon Inc. (Toride, Ibaragi Prefecture) and Fukushima Canon Inc. with the Company.

Holders of European Depositary Receipts to Bearer wishing to exercise their voting rights in respect of the Shares represented by the Receipts held by them are reminded that, in accordance with Clause 8 of the Conditions, they must lodge their Receipts with Hill Samuel & Co. Limited by 3 p.m. 23rd March 1978, where lodgement forms are available. (Any Deposit Receipts holder wishing to exercise his voting rights both for and against the Resolutions must deposit his Receipts by 3 p.m. 22nd March 1978). Voting Rights may only be exercised in respect of Depositary Receipts representing Ordinary Shares on the register as at 31st December 1977.

Copies of the full text of the Notice convening the meeting are available if required.

HILL SAMUEL & CO. LIMITED,
45 Beech Street
London EC2P 2LX.

17th March 1978.

INTERNATIONAL INVESTMENT TRUST COMPANY OF JERSEY LIMITED

NOTICE IS HEREBY GIVEN that the Register of Members of the above Company will be closed from the 21st March 1978 to the 31st March 1978, both dates inclusive.

By Order of the Board,
For the Royal Trust Company of Canada (C.I.) Limited
Secretaries & Registrars.

PROVIDENT MUTUAL LIFE ASSURANCE ASSOCIATION

Notice is hereby given that the 137th Annual General Meeting of the Association will be held in the Council Chamber, Chartered Insurance Institute, 20, Aldermanbury, London EC2V 7HY, on Friday, 14 April, 1978, at 12.30 p.m. to include the following:

1. To adopt the Report and Accounts for 1977.
2. To confirm the appointment of Mr Brian Richardson as a Director of the Association.
3. To confirm the appointment of Mr. Colin Edward Hughes as a Director of the Association.
4. To re-elect Mr. David Lars Manwaring Robertson as a Director of the Association.
5. To re-elect Mr. Peter Baring as a Director of the Association.
6. To re-elect Sir Eric Griffith-Jones as a Director of the Association.
7. To re-appoint Pannell Fitzpatrick & Co as auditors of the Association to hold office until the conclusion of the next Annual General Meeting.

G W STIRLING, Secretary.

17 March, 1978.

COMPANY NOTICE

THE GROOTVLEI PROPRIETARY MINES LIMITED
MARIEVALE CONSOLIDATED MINES LIMITED

NOTICE IS HEREBY GIVEN that the transfer books and registers of members of the above companies will be CLOSED from 10th April 1978 to 13th April 1978 both dates inclusive.

per pro UNION CORPORATION (U.K.) LIMITED
London Secretaries
L. W. Humphries

Princes House
95 Gresham Street
London EC2V 7BS
16th March 1978

LEGAL NOTICES

No. 00708 of 1978

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of EUROSPACE MARKETING SERVICES LIMITED and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN that a Petition for the winding up of the above-named Company by the High Court of Justice was on the 1st day of March 1978 presented to the said Court by ELDRIDGE STABLEFORD & COMPANY LIMITED whose Registered office is 319 Regent Street, London, W.1. and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London WC2A 2LL, on the 10th day of April 1978, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing in person or by his Counsel for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

WILDE, SAPTE & CO.,
Kings Cross House,
200 Pentonville Rd.,
London, N.1.
Ref: RG/. Tel: 388 6455
Solicitors for the Petitioner.

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on or send by post to the above-named, notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm, the name and address of the firm, and must be signed by the person or firm, or his or their solicitor (if any) and must be served or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 7th day of April 1978.

No. 00737 of 1978

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of SCHERZO INVESTMENTS LIMITED and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN, that a Petition for the Winding up of the above-named Company by the High Court of Justice was on the 6th day of March 1978, presented to the said Court by HUGH R. WILKINS & SON LIMITED whose registered office is situate at Holland Court, The Close, Norwich, Norfolk, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London WC2A 2LL, on the 17th day of April 1978, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing in person or by his counsel for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

SHARPE PRITCHARD & CO.,
108, Kingsway,
London WC2B 6PZ.
Ref: 14RR. Tel: 01-405 9374.
Solicitors for the Petitioner.

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on or send by post to the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm the name and address of the firm and must be signed by the person or firm, or his or their solicitor (if any) and must be served, or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 14th day of April 1978.

No. 00695 of 1978

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of ANTHONY HARRIS LIMITED and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN, that a Petition for the Winding up of the above-named Company by the High Court of Justice was on the 9th day of March 1978, presented to the said Court by C. F. ANDERSON & SON LIMITED whose Registered Office is situate at Islington Green, London, N.1, Timber Merchants, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London WC2A 2LL, on the 17th day of April 1978, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing, in person or by his counsel, for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

BRABY & WALLER,
2/3 Hind Court,
Fleet Street,
London, E.C.4.
Ref: F/TR. Tel: 01-353 8611.
Solicitors for the Petitioner.

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm the name and address of the firm and must be signed by the person or firm, or his or their solicitor (if any) and must be served, or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 14th day of April 1978.

No. 00650 of 1978

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of STEELFIXERS (CONCRETE REINFORCEMENT) LIMITED and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN, that a Petition for the Winding up of the above-named Company by the High Court of Justice was on the 14th day of March 1978, presented to the said Court by THE DEPARTMENT OF HEALTH AND SOCIAL SECURITY of State House, High Holborn, London, W.C.1, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London WC2A 2LL, on the 17th day of April 1978, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing in person or by his Counsel for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

M. W. M. OSMOND,
State House,
High Holborn,
London, W.C.1.

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the abovenamed notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm the name and address of the firm and must be signed by the person or firm, or his or their solicitor (if any) and must be served, or, if posted, must be sent by post in sufficient time to reach the abovenamed not later than four o'clock in the afternoon of the 14th day of April 1978.

PUBLIC NOTICES

LOTHIAN REGIONAL COUNCIL

Promotion of Local Lotteries

Lothian Regional Council, the second largest local authority in Scotland, with a population of 750,000, is considering the promotion of local lotteries. The Council would be interested to receive proposals from organisations engaged in the field of operation of lotteries, and, in this connection, interested parties should firstly telephone or write to the undersigned by Wednesday, 29 March 1978 for full documentation about the Council's requirements.

A. L. McNicoll
Director of Administration
Regional Headquarters
George IV Bridge, Edinburgh EH1 1UQ
Tel: 031-229 9292, ext. 2719

OXFORDSHIRE COUNTY COUNCIL

£4 million Bills issued 15th March, 1978, due 14th June, 1978 at 5 59-64%. Applications totalled £32.75m. Bills outstanding £4m.

GREATER LONDON BILLS

£25m. Bills issued 16.3.78 maturing 15.6.78 at 6%. Total applications £129m. Bills outstanding £60m.

APPOINTMENTS

John Du Cane to be Selection Trust chairman

Mr. John Du Cane

Mr. John P. Du Cane is to take over as chairman of SELECTION TRUST after the annual meeting on June 8 and he will continue as managing director and chief executive.

Mr. A. Chester Beatty is to retire as chairman, and from the Board, on that date having reached the age of 70. He is to be appointed life president "as an appreciation of his services to the company in many capacities over nearly 50 years."

At the same time Sir Ronald Prain, who is also 70, is to retire as a director and Mr. Derrick Kleeman will join the Board. Sir Ronald was for 22 years chairman of the former RST copper mining group. Mr. Kleeman is chairman of Kleeman Industrial Holdings, which Selection Trust acquired last year.

★

Mr. Clive Wildsmith, a director of Ewart Chainbelt has been elected president of the MECHANICAL HANDLING ENGINEERS' ASSOCIATION. Newly elected first vice-president is Mr. Oliver Fyson (C. J. R. Fyson and Son), and second vice-president is Mr. Peter Denning (Strachan and Henshaw). Mr. Hugh Dixon is the retiring president.

★

Mr. Alan Kershaw retires at the end of this month as director of the KNITTING INDUSTRIES' FEDERATION.

★

Mr. Alan Green, vice chairman of WOLSTENHOLME BRONZE POWDERS, has taken over the chairmanship following the death of Mr. P. L. M. Rink.

★

Mr. A. Philip Conway has been appointed managing director of F. W. Talbot and Co., one of the water treatment companies in the PORTALS GROUP. He succeeds Mr. R. A. Mardling, who is to retire. Mr. Conway also replaces Mr. Mardling on the Board of Portals Water Treatment.

★

Mr. J. F. Mills, at present director and manager of BICC Pyrotenax, has been appointed a director of BICC Cables and from April 1 will become executive director of BICC Metals. Mr. J. Conning is retiring from his executive position on the Board of BICC Metals, at his own request, but will remain a director of that company responsible to the chairman for special duties.

★

Mr. A. de Zeeuw has been appointed chairman and managing director of BERKEL and has become senior officer of the combined group. He retires as deputy chairman and chief executive of British Enkalon on April 3.

★

Mr. Douglas Appleby, group managing director of the Boots Company, has been appointed a director of the Eastern Regional Board of NATIONAL WESTMINSTER BANK.

★

Mr. C. J. Ball has been appointed vice-chairman of TELEPHONE RENTALS and Mr. R. A. Sly, at present director of operations, has become managing director. Mr. E. H. Cooper, chairman and managing director, continues as executive chairman.

★

Mr. Alan G. Bowers and Mr. David M. Howes have been appointed directors of the RICHMOND GATE HOTELS.

★

Mr. John Kerslake, at present senior vice president, Manhattan and Long Island Region, Barclays Bank of New York, has been appointed an assistant general manager of Barclays Bank of Nigeria at its head office in Lagos. Mr. Roy Brinsden, formerly foreign exchange manager at BARCLAYS BANK head office foreign exchange department, London, is now chief manager, foreign exchange dealers department.

★

Mr. P. J. Dronfield, Mr. N. Z. Gudka and Mr. P. G. Killik are to join the partnership of QUILTER, HILTON GOODISON AND CO., stockbrokers, on April 11. Mr. G. A. Day and Mr. J. R. Whittington retire as partners of the firm on April 10.

★

Mr. Stanley Roberts has been appointed manager of LLOYDS BANK INSURANCE SERVICES. He succeeds Mr. Alex Kerr who retires on March 31. Before joining the bank in 1972 as assistant manager of the insurance department, Mr. Roberts was a branch manager of the Law Union and Rock Insurance Company.

★

Sir Clifford Jarrett has been reappointed chairman of the DOVER HARBOUR BOARD for a further two-year term, until April 30, 1980. Mr. Leslie Perkins and Mr. Peter Mee have been re-appointed Board members for a further three-year term until April 30, 1981.

★

Mr. Bill Aitkenhead has been appointed general manager of ABERDEEN AIRPORT from April 1. Mr. Aitkenhead is now external relations manager for the Scottish Airports Division based at Glasgow Airport.

★

Mr. Alan Gladwin, managing director of Northern Ideal Homes, part of the Trafalgar House Group, has been elected president of the Yorkshire Region of the NATIONAL FEDERATION OF BUILDING TRADES EMPLOYERS.

★

Mr. John Crewe has been appointed a director of BURGESS AND CO. (ENGINEERS' SUPPLIES), part of the Richardsons Westgarth Group.

★

Mr. Geoffrey A. Palmer-Moore has been appointed managing director of PLOUGH (U.K.), a subsidiary of the U.S. Schering-Plough Corporation. He joins the company from Bristol-Myers.

★

Mr. M. A. Lewis has been appointed group export director of the HAMMONDS SAUCE GROUP.

★

Dr. Mark Hughes, Labour MP for Durham, has been elected vice-chairman of the BRITISH COUNCIL BOARD.

★

Mr. E. C. Cook has been appointed chairman and Mr. J. E. Walker and Mr. N. K. Crook, directors, of DUKE BROTHERS, a member of the Marley Group.

★

Mr. Robin Wilson-Webb has been appointed commercial director of CARAWAGON INTERNATIONAL.

★

Mr. L. H. Smith has been elected chairman and continues as managing director of ALLNATT LONDON PROPERTIES and GUILDHALL PROPERTY COMPANY. Mr. R. W. Diggens has resigned as chairman of both concerns, to reduce his business commitments, but remains on the Boards.

★

Mr. J. H. Wilson, a director of Kleinworth Benson, has been appointed a director of LONDON PRUDENTIAL INVESTMENT TRUST.

★

Mr. Peter E. D. Thompson, a director of Richards and Wallington Industries, has been appointed managing director of CHLORIDE LORIVAL. He succeeds Mr. Bryan Price, who is now managing director of Chloride Automotive Batteries.

★

Mr. Arnold Kean, secretary and legal adviser to the Civil Aviation Authority, has been elected chairman of the legal committee of the INTERNATIONAL CIVIL AVIATION ORGANISATION.

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Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

Essential in the application of wear-resistant coatings by the Union Carbide detonation gun process, shown here, is constant cooling of the workpiece so that temperatures in the working area stay below 150 degrees C, although the process itself generates temperatures of as much as 3,500 degrees. The cooling is provided by liquid carbon dioxide spray from a bulk Distillers Company carbon dioxide storage vessel and the liquefied gas is piped from the vessel to the various guns at Union Carbide's Swindon site. The low workpiece temperature is required to avoid the possibility of distortion or other changes. The detonation gun produces an extremely hard-wearing coating — sometimes superior to tungsten carbide. In operation, measured quantities of oxygen, acetylene and coating material particles are fed into the firing chamber and with each fresh charge a timed spark produces rapid-fire detonations, heating the particles to a near molten state and firing them at 782 metres/second from the gun barrel. On impact on the workpiece the particles spread and make a tenacious mechanical bond. The coating thickness is built up by successive passes. The coolant jets shown in the illustration keep the workpiece below distortion temperature.

● MATERIALS

Glass resists high pressures

GLASS IS a most attractive material to use in chemical and pharmaceutical processing where corrosion resistance and high purity of product are essential and in recent times attention has become increasingly focused on its pressure-resistance and safety in operation.

In Germany, this work has resulted in the production of the AD specification N4, to which a number of companies, but especially the Schott Group, have made significant contributions.

The N4 requirements stem from a lengthy study of the properties of borosilicate glass in the determination of safe working tensile stresses. A recommended working tensile stress of eight Newtons/sq. mm (1200 psi) is given for new, flame-polished and annealed products, with half that value for commercial products, accommodating the changes that take place in the surface of the glass immediately it is exposed to moist atmospheres after manufacture.

Users of glassware thus gain much more assurance in applying it to high pressure situations, and modular glass products such as column sections, pipe sections, vessels and fittings are available in nominal bores from 15 to 1,000 mm to meet the requirements of N4.

At the same time, while it is intended for pressure vessels, benefits of higher safety apply where the glassware is operated under vacuum.

Further details from Schott Process Plant, Drummond Road, Astonfield Industrial Estate, Stafford ST16 3EL. 085 48116.

● COMPUTERS

Stock handling in small warehouses

TO COMPLEMENT existing equipment currently used by larger cash and carry warehouse chains throughout the U.K., RTC has launched a new, smaller, and at around £35,000, less expensive system: the 4560.

Being essentially a scaled down version of the existing big unit, the new system offers the same capabilities to managers of smaller cash and carry warehouses, whether independent or within a large chain, at a little over half the cost.

This lower cost is achieved by using a repackaged and slightly less powerful minicomputer controller with either 10 or 20 M-bytes of disc storage, and provision for only eight work stations instead of the 30 or 40 more usual with 4660 installations.

Adequate for the smaller warehouse, the eight stations may comprise any combination of checkouts, goods-in terminals or fast matrix printers for invoices or labels, together with a manager's control console.

RTC, Kebbell House, Carpenders Park, Watford, Herts. 01-428 0088.

Ordering by computer

HAND tool manufacturer James Neill has established a direct data link with one of its customers, Unbrako so that the latter can place orders directly in the James Neill warehouse computer without passing through head office.

The development is part of a £300,000 investment in new warehousing facilities and a computer-linked stock handling system which now enables the tool company to offer a five-day service to U.K. customers.

Unbrako has a visual display unit in its inventory control department, connected as required with the James Neill computer in Sheffield over Post Office lines.

Keying in a specific code gives access to the Unbrako file in the computer and the VDU screen then asks for details. All that is necessary is to enter the catalogue number and quantity, which is then acknowledged on the screen with an expanded description in plain English so that the operator can verify that the entry is correct.

It is also possible to question the computer on the state of any order previously placed.

More on 0742 71281.

● PROCESSING

Improves yield of pulp

RESEARCH by the ICI subsidiary company, Canadian Industries, has shown that a formulation based on anthraquinone, a non-metallic organic compound long used as an intermediate in dyestuffs manufacture, has a novel effect in improving wood pulp processing.

Impatone SOA, added in only small amounts in alkaline pulping processes, accelerates the rate at which lignins — the complex organic chemicals present in wood which are broken down and separated from cellulose during pulping — are removed.

This acceleration in processing time confers several benefits. Mill trials in North America show that improved pulp yields of between 2.5 per cent and 4 per cent. are possible, with reductions of up to 30 per cent. in cooking times leading to consequent savings in energy and reductions of between 5-10 per cent. in alkali requirements. Because the exposure of the cellulose to chemical attack is reduced, pulp quality can be improved. Alternatively, pulps can be made with lower lignin content reducing the effluent problem in subsequent bleaching.

The most attractive environmental aspect of the chemical is the possibility of reducing or even eliminating the use of sulphides in the pulping process, reducing or overcoming the problem of controlling objectionable sulphur-containing gaseous emissions. The bulk of the chemical is burnt in the recovery furnace, giving carbon dioxide and water. Trace quantities may be held in the pulp (measured in parts per million) but produce no effect on its properties.

Impatone SOA is fully compatible with alkaline pulping systems and will give benefits with only minor modifications to equipment. However, major advantages can accrue if its effects are taken into account when considering new capital expenditure.

ICI, Millbank, London, SW1P 4QG. 01-834 4444.

● COMPONENTS

All made from brass

ENOTS (IMI) has Britain's first range of all-brass push-in fittings to metric standards.

For use with nylon tube, the range incorporates almost 100 fittings of different types such as connectors and BSP adaptors in straight, tee and elbow configurations, bulkhead fittings, reducers, plugs and stem-to-hosetail fittings. Currently they are available in sizes suitable for 4 to 12 mm O/D tubing. The range will be extended later.

Enots fittings are easy to apply and simple to release by hand without special tools. They are suitable for working pressures up to 150 psi (10 bar) and temperatures from —10 to +60 degrees C.

The fittings have three components—brass body, brass collet and a Nitrile rubber "O" ring.

Enots, Eastern Avenue, Lichfield, Staffs., WS13 6SB. Lichfield 54151.

● CONFERENCES

Removal of unwanted gas

DE-AERATION is a vital part of a wide variety of processes from making orange juice to aircraft fuel injection. It will be the subject of a symposium organised by BHRA at the CEGB Centre, Sudbury House, Newgate Street, London, on June 15.

Among the papers to be presented will be one from Shell Research which describes degassing tests on small scale models of de-aeration equipment on mobile fuelling vehicles. Important benefits could be gained in pump performance, tank venting behaviour, fuel oxidation and reduction of ignition hazards (especially for supersonic aircraft) if dissolved oxygen and nitrogen could be removed from fuel before it was loaded in an aircraft.

A paper from APV will discuss vacuum degassing with a cavitating jet in the food industry; while delegates from Dewplan and Stork will discuss methods of boiler feed-water de-aeration. There will also be contributions from Permutit-Boby and the Polaroid Corp.

Details from BHRA Cranfield, Bedford MK43 0AJ (0234 750422).

● METALWORKING

Superplastic alloy for Aston Martin bodies

EASY-TO-FORM light alloy material for car bodies is replacing more conventional aluminium alloy panels and could also replace glass reinforced plastic bodies, meeting increasingly tough safety regulations.

First application is for four-door Lagondas from the Aston Martin Lagonda (1975) factory at Newport Pagnell, Bucks. Overseas it will be demonstrated to the Italians, widely acknowledged the most gifted car stylists.

Supral, as the alloy is called, is made by TI Superform at Worcester. Although a "superplastic" that elongates ten times, it is a rather stronger alloy than the more conventional aluminium alloy it is replacing and enables crisper lines to be achieved.

Aston Martin is experimenting with four cars, bodies for which can be provided by only 15 Supral panels. Current normal production is six hand-built models a week.

Conventional alloy panels are formed over rubber dies and skilled panel beaters give them final shape. "The new alloy should make life easier because it is easier to form and structural strength is just as good," a spokesman for the car company has said.

Supral has mechanical properties equal to NS 3/4 and thicknesses can be held in complex shapes of up to 15 inches deep. It is formed at 500 degrees C in vacuum equipment. Sheets up to 8 × 4 feet are being made.

Grips awkward shapes

WIDE-OPENING two-jaw version of its five-inch diameter power chuck is now available from Richard R. Leader. It is designed to provide greater operating flexibility by accommodating awkwardly shaped and spherical workpieces.

Jaw opening is 0.400 inch, and the mechanism applying the load to the component ensures that maximum grip is achieved with the jaws in the "fully-in" position. The chuck is fail safe, requires an 80 psi air supply, and can be operated at a maximum speed of 5,000 rpm.

More from the maker at Fordwater Trading Estate, Chertsey, Surrey (Chertsey 62766).

● MAINTENANCE

Keeping it under control

THREE companies, Comprehensive Maintenance Systems (CMS), Duckhams Industrial, and Allied Business Systems (ABS) have formed a consortium aimed at offering industry comprehensive maintenance systems making use of computer control.

Rationale behind the move is the belief by the three companies that British industry is no longer making sufficient profits to allow it to invest in new plant and equipment.

Thus, the regular acquisition of such items—and building too—is "no longer a matter of course." According to the companies "the throw away economy has come to a full stop." The need now is to keep, preserve and maintain, the philosophy being similar to that now applied to the re-cycling of raw materials.

Apart from this, the consortium believes that maintenance in the U.K. is seriously deficient and that the £5,000m. spent annually in this area could be greatly reduced.

Each of the companies can provide particular expertise. CMS has been in maintenance consultancy for some years and will offer basic system advice, Duckhams will provide investigatory engineering staff, and ABS will supply computer systems and software.

Typically, CMS will first look at a company's current maintenance arrangements, after which Duckham's engineers will make a complete physical analysis. A manual maintenance system will then be designed and proved, which will then be transferred to computer working by ABS.

The outcome would be a low-cost display-oriented computer housing a maintenance data-base that would enable management to take proper action at the right time.

More about the service, called Man-Com, from CMS at Box 257, West Byfleet, KT14 6AZ (09323 42710).

Examination of walls

A MIDLANDS Borough Council has led the way in examining and photographing cavity wall ties by endoscopy — feeding internal views via light fibres. Defects in cavity walls on tower blocks of flats built for the metropolitan borough of Sandwell were giving rise for concern. Inspection by cutting out access holes in the facing brickwork proved expensive and time-consuming, and reinstatement gave a patchwork appearance.

The solution devised was speedy and elegant. A modular rigid endoscope from Specfield, fitted with a 35 mm camera complete with electronic flash, was introduced through small holes drilled into the outer leaf of brickwork to inspect the cavities. The effectiveness of the wall ties and the conditions of the cavities and the structural elements were clearly assessed and recorded.

Specfield, 1A Jennings Buildings, Thames Avenue, Windsor SL4 1QP. Windsor (95) 53132.

NORTH SEA OIL REVIEW — BY IAN HARGREAVES

British Shipbuilders try to recoup lost ground

THE FLEDGLING British Shipbuilders, faced with a potentially catastrophic slump in world demand for merchant ships, not surprisingly is sniffing around hard for orders on its North Sea doorstep.

What is surprising is that prior to nationalisation the British shipbuilding industry did not make more of what, predictably, was a growing if only slowly growing, market. Instead it allowed other European yards, most notably those of Holland, Germany, France and Scandinavia, to seize the initiative building offshore supply craft as it became clear that American designs tried and tested in less punishing climates were not the long-term answer for North Sea work.

One of the results of this failure is that of the 21 accommodation/construction platforms now working in the North Sea, none is British-built. Of the seven North Sea supply boat orders placed in recent months at the end of a famine of offshore orders in 1977, none has come to Britain. No British yard has taken an order for a substantial offshore vessel for close on two years.

Mr. John Parker, who recently took over as head of British Shipbuilders' marketing operation after a very successful period with the series building programme of a hundred SD14 cargo ships as managing director of Austin and Pickersgill, agrees that the industry has failed to meet the challenge. "I don't mind criticism when it's fair," he says, "but we now have a much clearer idea of where we are going in this market." The importance British Shipbuilders attaches to recouping lost ground in offshore orders is likely to be further emphasised shortly when the corporation hopes to announce a senior appointment, probably of an oil company man, to head its offshore strategy at managing director level.

The strategy he inherits will be aimed at three sections of the offshore market: the emergency and maintenance support vessel; the deepwater platform market; and supply boats. In addition, a good deal of effort has gone into identifying a wider role for British Shipbuilders' repair yards, especially the high technology capability of Vosper Shiprepair at Southampton, for smaller, faster offshore jobs in either construction or repair.

The capability and experience in offshore matters within British Shipbuilders is principally located at two yards: Appledore, in Devon, and Scott Lithgow, on the Lower Clyde, although the fact that five yards have tendered to build the proposed BP emergency support vessel shows that this pair has a by no means exclusive claim to offshore work. When it comes to diving vessels, the British industry also has substantial submarine experience, most notably at Vickers.

Scott Lithgow actually has a specialist offshore subsidiary company, Scott Lithgow (Offshore), formed last year to harden its profile in a market that it had been investigating for five years. The yard's main achievement has been the building of two dynamically positioned drill ships worth around £30m. each for a U.S.-Scottish consortium and a Norwegian buyer. In spite of the satisfactory performance of the first of these ships, the Ben Ocean Lancer, Scott Lithgow has been unable to find a taker for a third ship on a contract which was started but cancelled by Jebsen of Norway because it was unsure about future prospects.

The Clydeside yard's drillships emphatically are shipshape, the yard's management having taken an early decision to avoid the less familiar world of jack-up rigs and semi-submersible craft. Mr. Ross Belch, managing director, now admits that this may have been a miscalculation in view of the pre-eminence of the weather-resistant semi in North Sea conditions for a wide variety of uses. He says Scott Lithgow is now actively in the market for semi-submersible orders, but pins his main immediate hope in this sector on snatching the BP emergency support vessel order from other British shipbuilders.

Mr. Belch pins his other offshore hopes on the possibility of more anchor handling tug/supply boats of the kind built for Seaforth Maritime, the steel gravity base oil production platform, and the tension leg platform. Both these latter designs are offered in joint ventures, the first with Compagnie Francaise d'Entreprise Metalliques and the second with Deep Oil Technology of California.

Neither of the platform designs has received an order yet, but Mr. Belch is optimistic that the tension leg platform will come into its own as the search for new North Sea reserves extends into deeper and rougher waters.

There is no doubt that Scott Lithgow and Appledore, with its small craft facility, have worked hard on the offshore market, but this cannot hide the fact that their successes have been less than might have been hoped for. This is particularly disappointing in a market where, thanks to the activities of the Offshore Supplies Office and the Department of Energy, both of which are giving strong support to British Shipbuilders' efforts, British yards start out with an advantage they lack in the conventional merchant shipping sector.

As a recent market report on North Sea vessel requirements by the Eggar Forrester subsidiary, Terminal Operators, pointed out, the balance of activity in the North Sea is swinging strongly towards the U.K. sector, as the table shows.

DEEP WATER OPERATIONS: BALANCE OF NORWEGIAN AND U.K. SECTORS

	1977		1978		1979		1980		1981	
	N	UK	N	UK	N	UK	N	UK	N	UK
Platforms:										
Ordered	13	10	9	14	4	10	7	4	6	4
In service	3	10	9	13	14	17	17	20	19	24
Additional sites	—	—	8	2	8	8	2	14	2	18

Source: EGGAR FORRESTER

That holds out the hope of increased opportunities for British yards especially at the installation and construction stages when demand for support vessels for each field is likely to be over 50 craft compared with the handful required to service a working platform.

Mr. Jonathan Buxton, the senior broker in Eggar Forrester (Offshore), says bluntly that British yards have missed and are continuing to miss the core of the market. "In my view, they should be building straightforward, stable platforms which could be equipped to meet any number of needs in the North Sea and which would certainly find buyers," he says. The kind of thing Mr. Buxton has in mind is the platform design of the Gotaverken repair yard in Sweden. This so-called flex-platform can be fitted out as a workshop, accommodation unit, helicopter base, diving platform or even floating petro-chemical plant.

There is little sign so far of an improvement in the approach of the British yards to the semi-submersible market although, interestingly, Houlder Offshore, the Furness Withy subsidiary, said recently that it was quite likely to place a follow-up order for its highly successful Uncle John multi-purpose semi with a British builder, having built the original with Aker of Norway.

On the credit side, Star Offshore, the independent U.K. offshore contractor with a fleet of 15 vessels is known to be looking closely at British tenders for two vessels at the moment, having behind it a track record of heavy support for foreign, especially Dutch builders. Mr. Robin Bray, Star's managing director, says the reactions of the smaller British yards in both the public and the private sector have sharpened up a good deal in recent months.

Star, like the oil companies in recent discussions about emergency vessels in the wake of concern aroused by the Ekofisk blowout, has had its ears politely roasted by the Offshore Supplies Office and the Department of Energy for not placing orders in Britain and this has certainly helped to push it towards a buy British policy. In addition, there has been for the last year the lure of the Government's Shipbuilding Intervention Fund, designed to offset British yards' lack of price competitiveness with foreign yards. The fund can easily produce a 20-25 per cent. discount on an offshore vessel.

Mr. Bray is adamant, however, that the chief consideration is reliable delivery. Star's current £4m. conversion contract for the Star Canopus went to Holland, he says, rather than to Swan Hunter (the only British yard to show serious interest) not only because the Dutch were able to offer three weeks earlier delivery on April 1, which is of importance at the start of the summer peak season, but mainly because Star lacked confidence in the form of guarantee the Tyneside yard was prepared to give on delivery.

One post-nationalisation problem is the internal debate within British Shipbuilders about corporate structure. Under the terms of the nationalisation act, autonomy of yard profit centres was prescribed, but there is a strong case in the instance of a specific market like the offshore world for a centralised approach.

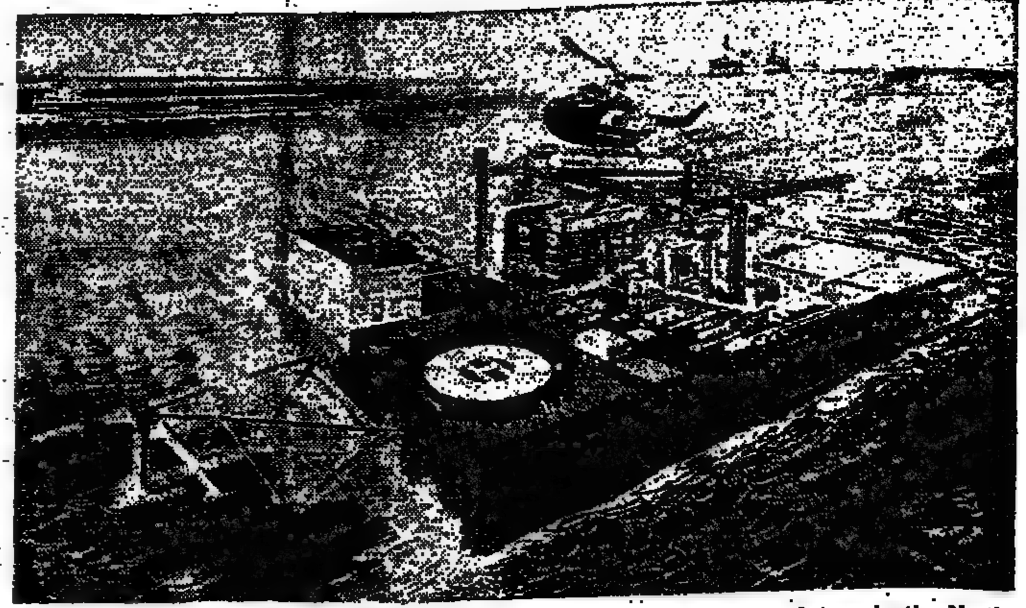
Mr. Parker's view is that there is no case for a large administrative unit on offshore matters, but a small sales team is being established. The critical point, though, is that this team will not have the authority on the face of it to decide which yard will take which work. This militates against the development within the corporation of centres of expertise and the kind of series building programmes which offer the greatest economies of design and production.

One of the men appointed recently with the task of sorting out a corner of this conundrum is Mr. Peter Morgan, an engineer and most recently a free-lance consultant during the construction of BNOC's Thistle platform. He has taken on the job of offshore marketing director within British Shipbuilders' repair division, which faces shortage of work almost on the same scale as the shipbuilders. An early boost to his morale has come with the £2m. order this week from Shell for Vosper Shiprepair, Southampton, to build a module and Mr. Morgan believes there are strong possibilities for more module orders for this yard and for the Redhead yard of the Tyne Shiprepairer group.

The other area of British Shipbuilders' interest which has an offshore connection is that for patrol boats—a world market estimated at £1bn. in the next ten years. An industry working party has just completed a report on this subject and orders from Kuwait and possibly Argentina and Mexico could be on the way soon. This is one area where the U.K. industry, mainly through the efforts of Vosper Thornycroft and Hall Russell, does have a good track record.

The biggest and most immediate area of interest is that of emergency support vessels, 10-12 of which are expected to be ordered for North Sea use in the next seven years. Already, Japanese yards have shown their teeth by snapping up orders from Sedco/Phillips and Occidental. BP's individually designed craft will take three years to build no matter which yard wins the order, but it is vital for the British industry to get a belated toehold in this important, although limited, market for semi-submersible units.

Nor has it escaped the attention of the more alert minds within British Shipbuilders that the North Sea horizon, although good for another decade, is limited in relation to future world offshore exploration possibilities. A shipbuilding industry which had cut belated teeth and shown it could compete with the best of the European offshore fabricators in the North Sea, would be well placed to make something of these wider markets when the appropriate time comes.



Gotaverken's flex platform—specimen of a type that should have a great future in the North Sea. Britain has no similar project.

FINANCIAL TIMES SURVEY

Friday March 17 1978

Belgium Capital Markets

Belgium has contained inflation and successfully defended the franc, though at some cost to economic activity. Investment demand is sluggish, and because of the close trade and currency links with countries like W. Germany, any revival depends very much on international moves to stimulate world recovery.

Eyes turned to Bonn and Washington

By David Buchan

BELGIUM is one of those smaller industrialised countries now waiting in the wings for the "big boys," the U.S. and West Germany, to settle their differences on how to get the Western economies moving ahead again. Though with nearly half its GNP accounted for by exports and imports Belgium is passionately interested in the outcome, it can but wait on others' decisions. Its size would make a lone attempt at reflation suicidal.

So would the precariousness of its considerable success in licking inflation, down to a current annual level of 5.4 per cent., while keeping its payments with other countries in balance. These successes are precarious because achieved at the cost of high unemployment—over 7 per cent. of the insured workforce—and stagnation in its manufacturing industry, where output fell 0.4 per cent. during 1977.

Tied

This deflation is in turn largely the result of being tied through the mechanism of the "snake" joint float to the currency of a country, West Germany, whose economy consistently outperforms the Belgian. The Belgian monetary authorities, the Finance Ministry and the national bank, repeat at every public opportunity their determination to keep the Belgian franc hanging on to the coat-tails of the D-mark.

In general they preach the evils of devaluation for an economy which imports 80 per cent. of its energy needs, which has no possible domestic substitute for 25 per cent. of its total imports and whose exports contain 40 per cent. imported input. In particular the "snake" links them to those two countries, West Germany and the Netherlands, with which nearly 40 per cent. of Belgian trade is done. These are the key partners for Belgium. Privately, Belgian officials admit they would not be greatly fussed if the remaining Scandinavian members of the "snake" dropped out of the arrangement.

In the last two years the franc has appreciated by 13 per cent. on a trade-weighted basis. A few "heretics"—mainly exporters with a little political support drawn from some members of the Socialist party who are primarily worried about the unemployment rate—rail against the policy of maintaining the present parity of the franc and would like to see a modest devaluation.

There was indeed a 2 per cent. devaluation against the D-mark in autumn 1976, but the Government and national bank have fought off subsequent speculation against the franc. The most recent bout was last December, when the national bank spent some B.Frs.30bn. removing the doubts in people's minds about whether the franc could follow the D-mark up against the plummeting dollar. Since then, the market has quietened despite the continuing fall of the dollar, and the Government reckons that it has taught speculators yet another lesson not to fool around with the franc.

The national bank discount rate, which was 6 per cent. at the start of December last, went up to 9 per cent. that month, but by this month was down again to 6.5 per cent. In addition the national bank has re-stocked its reserves and paid back most of the B.Frs.23bn. of foreign exchange that it borrowed from other "snake" central banks last autumn.

However, dollar problems could yet have further unpleasant side effects on the franc. There is the possibility that the result of the French elections will renew tensions on the markets, though Belgian officials feel there is no longer the confusion between the Belgian and French francs that sometimes reigned in the public mind when both currencies were part of the "snake."

Mr. C. de Strycker, the national bank governor, maintains that "in the present context the most worthwhile contribution that monetary policy can make to promote stable economic growth is to protect the economy from external vicissitudes." One such vicissitude is inflation, and Belgium can now proudly point to an inflation rate which last month was down to 5.4 per cent. on an annual basis (compared to 7 per cent. in 1976), and which in the last three or four months has been lower still. Because of the hallowed link between the consumer price index and wages, this trend also brought hourly wage increases down to some 9 per cent. last year.

This record, say some observers, would be all very laudable and indeed remarkable in a country like Britain, but Belgium has to be judged by W. German standards because it has deliberately placed itself in that D-mark zone called the "snake," and this performance is still not good enough to avoid the need for a realignment sooner or later. That is unless Belgium is prepared to continue to pay the price of higher interest rates than in Germany — the three-month money rate is typically 2.5 per cent. higher in Belgium than in Germany, and much higher at times of pressure on the franc—and higher unemployment.

The number of Belgians out of work reached the record level in recent years of 304,000 in mid-February 1978. Since then there has been a slight decline by about 15,000. Nevertheless this represents 7.2 per cent. of the insured workforce, despite the fact that there are labour shortages, both in the highly skilled and the "dirty jobs" sectors.

Belgium used to run chronic balance of payments surpluses, but the OPEC countries took care of that with their oil price increases. The payments position is still in balance, BFrs.2.7bn. in the black last year. But the trade deficit, which was B.Frs.70.5bn. in the first 11 months of 1976, grew to BFrs.81.8bn. in the corresponding period last year. This was offset by the growth in certain transforming activities in such Belgian specialities as diamond cutting, copper smelting and oil refining.

However, the broad range of Belgian exports is often criticised for being too unsophisticated to compensate for high Belgian wage costs. Much of Belgian steel, for instance, is exported as an intermediate raw material for the shipbuilding and construction industries. Too few goods are exported finished and with services attached, and this puts Belgium in the position of a "price taker" rather than a "price setter" like Germany—with the added hazard that Belgian goods are easily imitatable or substitutable.

The present policy of Prime Minister Leo Tindemans' Government is one of very cautious investment-led reflation. This itself reflects a difference of emphasis within the two major parties in the ruling coalition—between Mr. Tindemans' own Social Christian party which is primarily concerned not to increase State spending, and the Socialists worried chiefly about unemployment. The compromise has been to step up public investment, with a big BFrs.205bn. works programme this year, financed partly out of increased taxation on personal consumption and higher VAT receipts.

The strategy towards the private sector has had the same cautious bent — a temporary waiver of the 5 per cent. VAT for job-creating investment, higher depreciation allowances on capital equipment, and a temporary exemption from corporation tax on distributed profits paid on any new equity capital raised before the end of this year. Ministers take some cheer from the recent national bank investment survey showing Belgian businessmen's intentions to increase investment by 8 per cent. this year, and also from the national bank's "synthetic curve" of leading indicators, which has been on the upturn for the past four months.

This appears to mark a welcome change from the apocalyptically gloomy attitude of many leading Belgian businessmen only last autumn. Exactly what are the grounds for the change in mood is less easy to see. It will, for instance, take prolonged reductions in State spending and borrowing over several years to give the Belgian private sector reasonable access once more to the domestic capital market. In addition, tax breaks on dividends will not greatly attract Belgian shareholders so long as they prefer to shelter from the tax collector behind the anonymity of their bearer shares. It is altogether appropriate that the European Federation of Financial Analysts should have chosen Brussels to hold its next congress in October to discuss the theme of "risk capital."

Afford

Foreign investors, who can perhaps better afford a wait-and-see attitude than their Belgian counterparts, are on the whole hanging back before putting more money into Belgium. The level of new foreign investment is still tailing off from the peak of 1973-74, while some economists estimate that there has been a net disinvestment in the last two years.

One particular worry is Belgian unit wage costs, and the latest problem centres on trade union demands that their members work shorter hours for the same pay. The unions want by this means to get companies to hire more of the unemployed, but deadlock with employers on this has resulted in a growing number of strikes at plant level.

So far this year the unions seem to be pushing this demand only in those sectors, such as oil refining and car assembly, which they reckon can best stand the cost increase. It would indeed be an odd demand to make in sick sectors like steel and textiles, where there is already a high level of short-time working and lay-offs.

State borrowing dominant

PUBLIC SECTOR borrowing has increased, is increasing and ought to be diminished. That is the official thesis of the Belgian Government, or at least that of its major constiuent, the Social Chrstian wing led by Prime Minister Leo Tindemans. But the combination of slower than expected economic growth and inflation last year reduced tax receipts, and also made the Government's pledge to keep the increase in the public debt this year to B.Frs.149bn. (as against B.Frs.159bn. in 1977) look unrealistic. Recently Finance Minister Gaston Geens had to tell Parliament that the current budget deficit would be at least B.Frs.65bn. — in addition to a big counter-cyclical capital investment programme — and Budget Minister Marc Eyskens concedes that gross public borrowing may top B.Frs.300bn. this year.

The Belgian Treasury indeed has had to resort more frequently than ever to its credit facilities with the national banks —to the latter's openly expressed displeasure at providing what is a permanent overdraft to fill the growing hole in the State coffers. Last year, the Treasury's credit limit with the central bank was raised from B.Frs.20bn. to B.Frs.37bn.

But for the bulk of its needs the Government goes to the domestic bond market. Last year the State, plus what are called here the *parastataux*, the road fund and State housing corporation and municipalities, accounted for 97 per cent. of all new bond issues — B.Frs.270bn. out of the total B.Frs.276bn. Normally, the strictly Government issues are divided into three tranches spread during the year, each now totalling over B.Frs.50bn.

But with the other semi-public loans, treasury Director-General Emile Kaestens says that he is now occupied in scheduling about one new issue each month. Issues are underwritten by a consortium of banks, which of course includes the major four Belgian banks, Societe Generale de Banque, Banque Bruxelles Lambert, Kredietbank, Parisbas' large Belgian network and some of the longer established foreign banks such as Morgan Guaranty and Continental Illinois. The public generally snaps them up, often well before the closing date.

Mr. Kaestens says that in no way does the Government try to regulate the timing and size of private bond issues, as is done in some of Belgium's neighbours. But he admits that it is often hard for private companies to find a hole in the issue calendar.

Interest rates on the bond market dropped during the course of 1977 from 10 per cent. at the outset to about 8.75 per cent., rising again to over 9 per cent. in December as the National Bank jacked up its discount rate sharply to 9 per cent. to ward off renewed pressure on the Belgian franc. The pressure was the incidental result of the strengthening of the D-mark against the dollar, and of subsequent doubts as to whether the franc could follow the D-mark up within its margin in the snake agreement.

Repaid

Since then, and despite the continued fall of the dollar, the pressure has come off the franc. The National Bank has bought back most of the foreign exchange and repaid the currency loans from other central banks which it used to defend the franc last December. By early February the discount rate was down to 6.5 per cent. The National Bank relies heavily on ringing the changes in interest rates to curb inflation and defend the currency, believing that the alternative methods widely used elsewhere, of setting money growth targets and controlling the money supply by other means, are unsuitable for a small and open economy.

The dip in central bank rates in the past two months—a further fall to 6 per cent. in the discount rate is expected soon —may bring short-term rates down, but will have little effect on long-term rates on the bond market. The sheer volume of State borrowing keeps them inflexibly high. This makes it hard for private companies to compete. They issued only B.Frs.4.1bn. last year, with the biggest of the Belgian electricity companies, Intercom, accounting for B.Frs.3.5bn. of that.

Indeed, it is the electricity sector that provides the only real spark on both the bond and share markets, via rights issues. Intercom, Ebes and Unerg, all private companies, account for nearly 90 per cent. of Belgian electricity production, and because of the costs of investment in nuclear plants, which already produce a quarter of Belgian power, have massive capital needs. To be able to raise money, they have to maintain a steady dividend growth and decent bond coupons, and to do that they have to stay profitable—which the power tariff regulation commission makes pretty sure they do.

The general pattern is that to keep a balanced equity/debt ratio, the power companies might call on the bond and share markets in alternate years. This year Ebes has announced a B.Frs.4bn. rights issue, to be followed by Intercom with B.Frs.4.6bn.

Prevailing high domestic interest rates, coupled with the gloom on other stock exchanges, hit share prices and volume on the Brussels Bourse last year. The biggest fall came in foreign shares (141 are listed in Brussels) which for the first time in many years performed less well than average Belgian shares. Turnover dropped sharply to B.Frs.16.4bn. in the first ten months of the year compared to B.Frs.28bn. in the corresponding period of 1976.

The Kredietbank overall share index at the year end was 5.1 per cent. down on 1976, which in turn was only about 4 per cent. above the trough of November 1974. Steel shares were a disaster, with Cockerill, the biggest Belgian steel-maker, putting up a resistance with a loss of *only* 42 per cent. Non-ferrous metal, a Belgian speciality, did almost as badly, while even the favourite Belgian stock Petrofina, lost 15 per cent. of its value over the year.

To blame for that fall were the blow-out in the Ekofisk North Sea oil-field, in which Petrofina has a 30 per cent. stake, and the fall in the company's earnings made in dollars. It is reckoned that every Belgian franc the dollar loses in value wipes B.Frs.300m. off the group's net earnings.

Share turnover, which was B.Frs.43.7bn. in the first ten months of 1976, again declined to B.Frs.31.1bn. in the corresponding period of last year, as against growing secondary market activity in bonds, especially public sector bonds.

Almost everyone in Belgium, save perhaps Government Ministers, bemoans the shortage of risk capital. The National Bank Governor, Mr. C. De Strycker, has complained that Belgians' "pioneer spirit has become dulled in padded comfort." In fact public share issues in 1977 topped B.Frs.8bn., or twice the average of the preceding five years. Again the power companies were prominent in this, and only one Belgian company, Colruyt, was introduced to the market.

Much of the impetus for this new found activity stemmed from the partial and temporary tax break accorded dividends from capital raised before the end of 1978. Mr. Jean Reyers, president of the Brussels Bourse, welcomes this move in the right direction but says the government, having accepted the logic of the need to stimulate more risk capital, should now make the system permanent.

Traditionally, the banks have provided an important source of finance for companies in Belgium. But except during those periods in which the National Bank raised interest rates to penalise those companies indulging in leads and lags of speculation against the franc—namely in the spring and autumn of 1976 and at the end of 1977—demand from private industry for bank credit has completely stagnated. The level of investment credit, for instance, in September 1977 was only 0.8 per cent. higher than a year earlier.

Typical of the whole picture of the Belgian capital markets was the contrary fact that credit to the public sector rose sharply, so that by September 1977 it accounted for 44 per cent. of all credit given by the banking sector.

Outside the banking sector proper, and indeed separated by law from it, are the Belgian holding companies, which are allowed to hold shares in banks but prevented from having any say in their running. These provide an important source of liquidity within their respective groups, taking deposits, usually short-term, from affiliate companies and lending them on to other associated companies.

Only

But only one of them, and the largest, Societe Generale de Belgique, has a wide spread of its portfolio throughout Belgian industry, parts of which, like the steel industry, are sorely in need of external support. The second largest "holding," the newly constituted Groupe Bruxelles Lambert, is, for example, much more heavily concentrated in the services and property sector, and more interested in share trading than in long-term industrial holdings.

When Belgian stockbrokers complain that companies find it cheaper to borrow rather than to raise fresh equity on the exchange, they often have in mind the Societe Nationale de Credit a L'Industrie (SNCI), whose long-term lending to industry usually carries a Government-paid interest rate subsidy. But even the SNCI, which has little trouble raising money from the capital market, found demand for its soft loans drying up last year. The level of its total loans to industry rose by only B.Frs.9bn. last year to B.Frs.209bn. compared with a respectable B.Frs.27bn. increase the year before.

Belgium has a tiny State-owned sector compared with its Common Market partners. But the Socialist Party inside the Government coalition would like to see it expanded. In addition to more Government controls over the banking sector, the Socialists demanded as part of their price for joining the Government last summer the expansion of the Societe Nationale d'Investissement (SNI) into the energy field. This has not happened yet, partly because the SNI is already at odds with the Government on other matters.

The SNI set up in 1962 basically to take shares in small companies with growth potential but lacking a sufficient base to go to the stock market, was in 1976 given a role not dissimilar to the U.K. National Enterprise Board. At present its has a B.Frs.5.5bn. portfolio in a range of fairly small companies, generally owning less than 50 per cent. of their capital. As such it has been quite successful, but its managers have objected to the increasing call on their time and resources that the Government has made on them to bail out "lame duck" companies.

The SNI has told the government that a new company, *not* the SNI, should be formed to take on this role. Given the increasing number of such lame ducks, this is clearly a problem that will not go away.

David Buchan

Foreign investment tailing off

FOREIGN COMPANIES in Belgium traditionally turn to the domestic money markets to finance at least part of their new investments. That is a cardinal reason for the presence of foreign bankers in Belgium. Of the total B.Frs.10.6bn. actually spent on investment in 1975, for instance, 37 per cent. of it, or B.Frs.3.9bn. was raised from this source with the rest coming from the companies' own funds. More important, foreign investment has been a major provider of new jobs and high technology in the past.

But the picture has changed radically in the past few years. The amount of fresh investment by foreign companies, acting alone or with Belgian partners in joint ventures, has dropped dramatically since its peak this decade of B.Frs.24.4bn. in 1974 to B.Frs.10.5bn. in 1976 and B.Frs.9.3bn. last year. Expressed in constant prices, taking inflation into account, the decline looks even worse.

What new foreign investment there is coming in is creating fewer jobs. Back in 1970 B.Frs.8.4bn. of investment made work for over 5,000, while in 1976 a greater amount of money only created jobs for 1,764. Indeed some Brussels bankers say that some of the investment loans they are giving this year are designed to reduce employment, with companies deciding to shoulder a short-term cost for the long-term benefit of cutting their wage bill.

Recently, however, there has been a more even regional spread of foreign investment throughout the country. Flanders, which has a sounder industrial structure, with some 75 per cent. of its work-force employed in companies with a payroll of less than 200, used to get the lion's share of foreigners' investment projects. It has of course the natural advantage of easy access to the sea, and the Antwerp port area has attracted a whole range of chemical and petrochemical companies, plus the multinational car and vehicle manufacturers.

Winning

But it seems that recently Wallonia, the French-speaking southern part of the country, is winning an increasing amount of those foreign businesses that want to start up in Belgium. Foreign investment in Wallonia —B.Frs.4.7bn. in 1976 and B.Frs.3.3bn. in 1977 — was slightly higher than in Flanders in both years, somewhat to the surprise of those observers who considered that the reputation of the trade unions for being more militant in Wallonia than in the north would put foreign companies off.

Mr. Robert Urbain, the Minister for Walloon Economic Affairs, stresses that the need of his region — which in the 1960s saw the closure of its coal mines and is now suffering from the recession in the Belgian steel industry (heavily concentrated in Wallonia) — for foreign investment is greater than the more industrially diversified Flanders. The country's capital, Brussels, which is legally a distinct and separate economic region, has by contrast had little problem in maintaining a fairly steady flow of foreign investment from foreign companies eager to make use of its central location and highly developed service sector to site their European head offices.

Both M. Urbain and his Flemish counterpart, M. Marc Eyskens, who doubles as the National Budget Minister and Flemish Economic Affairs Minister, were in the U.S. last month trying to whip up new custom for their regions. Neither has returned very hopeful from the country that Belgians have come to regard as their major source of foreign investment. Indeed both men are trying to buck the trend, which as Belgian banks have been telling their clients is to invest in the U.S. instead, to take advantage of the fall in the dollar which has made American companies and stocks relatively cheap for Belgians.

M. Eyskens considers that the first priority for an American investor these days is the U.S., followed by the more prosperous parts of the developing world and only third on the list, Europe. "Once an American company had decided to come to Europe, then Belgium is still well in the running," M. Eyskens maintains.

Nevertheless, he says that most of the U.S. executives he has met this year are putting any plans they might have for expansion in Belgium "in cold storage for the time being." The only possible new U.S. investment he sees this year is in the petrochemical field, which though impressive in cash terms is hardly the sector to mop up many of Belgium's growing number of unemployed.

Gross figures for new investment of course take no account of the number of companies that have recently decided to pull out of Belgium. Disinvestment is hard to quantify, but many of the car companies have reduced their assembly plant workforces in the past year. This sector ranks as one of the highest paid in Belgian industry. Disinvestment from a high technology area can be just as painful as from a low—as the Government has found with the Belgian aircraft assembly subsidiary, near Charleroi, of the now defunct U.K. Fairey group.

The Fairey case is a classic instance of the difficulties a small country faces in the high technology field when things go wrong. Government officials, at both national and regional levels, wrestled mightily with what to do with the Fairey plant when the U.K. parent company went bankrupt last autumn.

Last month they came up with a proposal for a new company to take over the military activities of the plant with a 45 per cent. equity stake to be held by the State and the rest split among four private Belgian shareholders. But none of these four shareholders—not even Fabrique Nationale, which is in the aerospace business solely to make aero-engines, nor Sabca, a subcontracting offshoot of Dassault, have any new work or technology to employ nearly half the plant's workforce which made civil aircraft.

M. Urbain, as the Minister most directly responsible, has had to scour some 60 U.S. aircraft companies to provide some future work for the plant. The Minister, who is keen to upgrade the level of Belgian industry into more sophisticated areas, says he had had some offers. But the Fairey case well illustrates the constraints on a small economy trying to maintain a high technology sector with its own very limited means.

Study

Belgian productivity rose rapidly in the early 1970s. According to a U.S. Labour Department study produced last year, Belgium ranked highest in 1975 in terms of output per man-hour among 12 countries, including the EEC, and Japan, Switzerland and the U.S. itself.

In addition, inflation has slowed, so that last month it was down to an annual rate of 5.4 per cent., as measured by the consumer price index. This in turn brought down wage increases, which are largely tied to that index. These are very substantial lures for the potential foreign investor.

Set against that is the fact that Belgian wages are still very high in absolute terms. Comparisons are tricky, but according to EEC statistics, Belgian hourly labour costs in 1975, at $7.30, were second only to Holland's among the Nine Common Market countries. Companies in Belgium also have to meet hefty social security contributions and redundancy payments for workers laid off—though the latter are much higher for white collar workers than for their factory floor brethren.

The latest threat to Belgian

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Little call on the banks

THE BANKER operating in Belgium to-day is not a happy man. Over the past year he has seen increasing numbers of borrowers quietly withdrawing from the market in a climate of growing uncertainty about the Belgian economy.

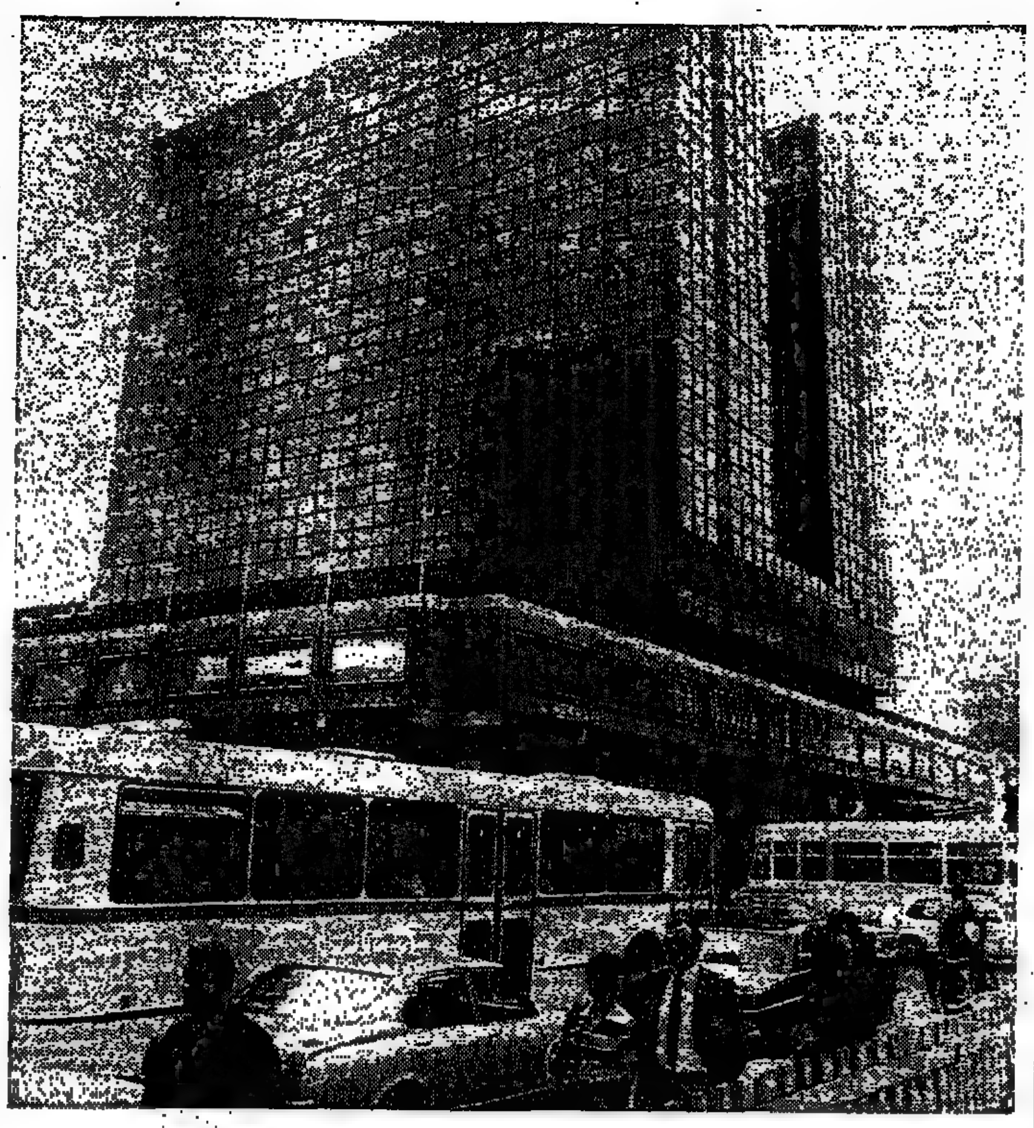
The Belgian franc has taken several batterings on the foreign exchanges. Foreign investment has continued to drop. Major sectors of Belgian industry, such as steel and textiles, remain profoundly depressed and a large number of projects in other sectors have been shelved. Though interest rates, which set record highs in 1976, have dropped considerably (to 6.5 from 14 per cent. for six months on the interbank market) and are expected to ease a little further, the amount of money chasing the elusive borrower continues to rise.

However, while the economic uncertainties have depressed the level of banking activity, the past year has seen an improvement in relations between the domestic and foreign banking community which could spell a bigger role in financing Belgian industry for the foreigners when and if a lasting recovery takes place.

Despite its proliferation of large, imposing banks and less large but equally imposing bankers, Brussels is not one of Europe's major financial centres. In the network that arranges massive syndicated loans for Governments and major multinational corporations, it lags well behind London, Frankfurt, Zurich, Paris and Luxembourg.

The needs of Belgian borrowers are relatively small, and except for the Government and the very largest Belgian companies, are virtually covered by the big three Belgian banks—Societe General de Banque, Banque Bruxelles Lambert and Kredietbank together with the Banque de Paris et des Pays Bas (Paribas) which has been here long enough to be accepted as part of the domestic banking community.

Though a substantial amount of international business is entered on the books in Brussels, much of it represents loans negotiated and concluded in London or New York, and registered in Belgium to take advantage of the country's relatively generous fiscal requirements.



The Brussels headquarters in the Place de Brouckere of Philips' Lamps, one of Belgium's biggest industrial concerns.

Listening

For the foreign banker, Brussels itself tends to be mainly a listening post where he can put his ear to the whispers of the international market; a place where he can lunch with executives of the big multinationals headquartered there or dine with diplomats accredited to the EEC, in the hope of being the first to learn who is in the market for the next big loan.

Five in every nine banks represented in Belgium are foreign. But while many of them would like to increase the number of their Belgian accounts—for no reason other than to cover their Belgian franc requirements—they know better than to seek out clients. There is a tacit understanding that retail banking and commercial loans to all but the biggest Belgian companies should be left to the domestic banks.

During the late sixties, certain American banks got their fingers burnt when they launched an aggressive campaign for the smaller Belgian accounts. Their access to Belgian francs was severely curtailed and some suffered substantial losses in covering their positions. This seems to have been sufficient warning for the rest of the foreign banking community.

In any case it is quite clear that under the present slack conditions, the interbank market is too small to support their weight. Moreover, although public sector borrowing has continued to rise over the past year, good quality private berrowers are exceedingly scarce.

The public sector dominates the market to a degree that is generally deplored but likely to persist for some time. The big private utility companies take a reasonable share, though the smaller, less well established companies may occasionally have difficulty raising funds. Bankers ascribe this to the ingrained conservatism of the Belgian investor. The market has been extremely liquid for months, they say. Public, semi-public and major corporate issues are quickly absorbed, irrespective of size. The Government's B.Frs.63bn. bond, issued at 101.25 in the first week of February, for 9.5 per cent. over eight years, was swallowed up within a week.

Many of the foreign banks which established a presence in Brussels in the sixties came ostensibly to preserve ties with corporate clients attracted to Belgium by substantial fiscal incentives. But although these companies raised much of their initial capital on Belgian markets, they have tended to finance subsequent expansion largely from profits. Since there have been few new arrivals in Belgium in the past few years, this area of activity has fallen away.

The big American, French, British and Dutch banks continue to profit comfortably from commissions on foreign exchange dealings for these companies, from participation in Eurocurrency loans and from the more sophisticated advisory services which the domestic banks do not provide. But some claim that despite their profits, they have been left high and dry.

This appears to be even more the case with the Japanese banks which arrived two or three years ago specifically to provide long-term yen-based finance for Japanese companies. At that time strict controls in Tokyo prevented banks from making international finance available. But the relaxation of these controls last summer has taken away much of their business and, according to one Japanese banker, most of their reason for being in Brussels at all.

Solid

But however despondent, no banker talks of pulling out. The level of borrowing by the State and by companies like Petrofina may not be enormous in international terms but it provides a solid base—no matter how reluctant foreign bankers may be to disclose their share of it. And over the past year, the domestic banks have shown themselves increasingly ready to acknowledge the degree to which they rely on the foreign banking community. The steel crisis 12 months ago was a case in point.

In March 1977 the Belgian Government introduced a major plan to stabilise the industry, which included a guarantee that no steel companies would go bankrupt through lack of short-term cash. Pressure was put on the domestic banks, via the Commission Bancaire, the regulatory body, to keep open credit lines fixed at the start of the year.

The Belgian banks, alarmed at the prospect of increasing their already heavy exposure in a sector in which they had little confidence—despite the plan—turned to the foreign banks for support and were not disappointed. The Foreign banks agreed to share the responsibility and, together with the Belgian banks, extracted a promise from the Government that they would not be allowed to suffer from corporate bankruptcies, moratoria on debts or structural changes in the industry.

Credit up to B.Frs.55bn. was to be kept open, of which foreign banks agreed to provide B.Frs.9bn. Five months later B.Frs.33bn. had been drawn, of which foreign banks supplied B.Frs.5bn. The amount was not in itself significant, but the incident appears to have done a great deal for relations between the foreign and domestic banks.

Relations between the banks and the Government, on the other hand, have not been improved by recent moves stemming from Socialist pressure to increase State control. The banks naturally resent any tightening of what they regard as an extremely conservative and over-regulated system. Foreign banks are subject to the same controls as Belgian and were equally affected by the introduction in mid-1975 of the so-called "*loi mammouth*" which standardised banking procedure, tightened the central bank's grip on money supply and extended the regulatory and supervisory powers of the Commission Bancaire.

Among other things, the Commission was empowered to set limits on exposure in foreign exchange transactions, particularly forward transactions: to set a ceiling on credit to a single company or a group of companies considered to constitute a single risk: and to impose ratios relating to the consoladated position of the banks and their subsidiaries.

As well as widening the scope of control, the law also widened the method, previously left to the "*reviseurs*" or bank auditors, providing for direct control by the Commission Bancaire, and through it by the central bank. The auditors were given access to a wider range of banking activity and were required to notify the Commission, as well as the bank Boards, of any irregularities.

At that time banks selected their two auditors from a list put forward by the Commission, but this is now being amended to eliminate the element of choice, enabling the Commission directly to appoint an auditor for a particular bank. The move is generally regarded as a sop to the Socialists, who were pressing for the creation of a public sector commercial bank, and for the appointment of Government officials to the supervisory Boards of the three big domestic banks and of Paribas. Though there is no likelihood of this in the foreseeable future, the fact that the Government feels the need to make a conciliatory gesture has not done much to make the banker in Belgium any happier.

D.B. Margaret van Hattem

Foreign

CONTINUED FROM PREVIOUS PAGE

unit labour costs is the vigorous push by the trade unions for a reduction in the present statutory 40-hour working week to 36 hours. The 10,000 workers at the big Ford plant at Genk have gone on strike, demanding a shorter week, as have 4,000 workers at Fabrique Nationale, and a similar strike is threatened at Caterpillar's Belgian plant.

M. Eyskens terms the Genk strike as "most unfortunate" and is worried about the effect it may have on other foreign investors. Ford reckons that if it granted a 36-hour week at Genk it would have to hire another 1,000 workers to maintain the same output, and because the unions are insisting that their members should not take any pay cuts, Belgian-made Fords might be priced out of the market. But the pass may have already been sold when earlier this year the oil refinery workers and tanker drivers won shorter working hours in their new contract.

It is indeed the stated aim of the unions to get companies to take on more labour and so reduce the number of unemployed. In this, Belgian unions contrast with their Dutch counterparts, which this year have been scaling down their wage demands simply to get some guarantee on the existing level of jobs. Belgian union leaders have seen their role of wage bargainers increasingly eroded with the automatic system of index-linked wages, and are therefore keen to re-assert their usefulness to their members by taking up other work condition issues.

It is still uncertain how general the demands for shorter hours will become. The socialist union federation, the FGTB, has persuaded its more conservative counterpart, the Christian federation CSC, to join forces with it on this issue. But in discussions on a national level, the FEB employers' federation refused to countenance it, suggesting instead a system of short-term working with the crucial difference that workers would only be paid for the hours they worked.

Much will depend on the attitude of the Government, which has tried to sit on the fence to conceal the split in its ranks. Prime Minister Leo Tindemans is against the unions' demands, as are his Social Christian party, while the Socialists in the coalition appear to favour them. The test will shortly come when the start of public sector wage negotiations forces the Government to take a position one way or another.

Welcome for EEC bank directive

BY COMPARISON with the substantial progress achieved in dismantling national barriers to the free movement of goods inside the EEC over the past 20 years, moves to create a common market in financial services among the Nine have made little headway.

The contrast is all the more striking when one reflects on the rapid growth of cross-frontier lending and international portfolio investment by banks based in Europe and other parts of the industrialised world. It is paradoxical that a banker in one EEC capital can effect a major transaction with a colleague in another merely by picking up a telephone, yet can find himself hedged about with numerous regulatory complications and competitive disadvantages when he tries to set up a branch in a neighbouring European country.

The discrepancy reflects in part the fact that the EEC is still a very long way from the free movement of capital envisaged by the Rome Treaty which would be an important element in a true Common Market in banking. Of the Nine, only Belgium, Luxembourg and West Germany have liberalised controls on medium- and long-term lending and portfolio investment. Though Britain agreed under EEC pressure to relax its exchange controls from the start of this year, the scope of its action was tempered by official anxiety about triggering off a sudden loss of reserves.

The President of the EEC Commission, Mr. Roy Jenkins, has been urging EEC governments to give a new impetus to the process of European integration by accelerating moves towards a monetary union. One of the advantages which he claims for his proposal for a single EEC currency, to be administered by a central monetary authority, is that it would free the weaker economies from the yoke of exchange rate worries which constrain them to pursue deflationary policies and maintain exchange controls.

But the response so far in national capitals has not been very positive, and Mr. Jenkins himself has had to admit that there is little likelihood of a monetary union being created within the foreseeable future. Meanwhile the achievement of a broader EEC market in banking and financial services will probably have to depend on the progress made at a less visionary level in the chipping away of technical barriers and the encouragement of greater uniformity in the regulatory practices of authorities in the EEC countries.

The basic principle of freedom of establishment for banks has been recognised in the Community since 1973. But its application has been largely theoretical in the absence of any significant accompanying moves to iron out national anomalies. A modest move in this direction was, however, taken late last year when EEC finance ministers approved a general framework directive governing banking activities in the Community.

The directive is an altogether more empirical piece of legislation than the ambitious early drafts produced by the Commission in the early 1970s, which sought to impose rigid, predetermined rules for harmonising banking practices and regulations. It aims instead merely to remove the most obstructive differences between EEC member States by means of international collaboration: in most cases it does not attempt to specify the nature of the norms on which governments and bank regulators are called to agree.

The one immediate change imposed by the directive is the creation of an EEC licensing system for banks, to be administered by national supervisory authorities. A few basic standards are laid down for the granting of such licences, such as that new banks must have a minimum number of officers and directors who are generally of good character. The aim is to prevent the growth of small "fringe" banks of the kind which flourished in Britain during the boom of the early 1970s and then crashed shortly afterwards.

Criterion

The directive also provides for the elimination of "economic need" as a criterion in the granting of bank licences. This has frequently been used by some national authorities, notably in Ireland and Italy, as a means of excluding foreign competitors from the main banking centres. Its removal will only be progressive, however, and it will not have to be phased out finally until 1990.

The task of fleshing out the directive with specific provisions will fall mainly on a small "contact committee," comprising representatives of national regulatory authorities and the Commission. The composition of the committee and its chairmanship are still being discussed, and differences over procedures have meant that its operations are likely to get off to a slower than expected start. France in particular is blamed for dragging its feet.

Once it gets going, the committee's first major task will be to establish agreed methods of asset valuation and the presentation of accounts. Banks were excluded from the draft EEC directive on company accounts, now being chewed over by national officials in Brussels, and the Commission is drawing up proposals for a separate directive to fill the gap. Once these terms of reference have been decided, the next step will be to try to reach agreement on standardised solvency and liquidity ratios to be applied by national supervisory authorities.

The Commission is also pressing for a broader exchange of information, on a regular basis, on credit throughout the Nine. At present Belgium, France, Germany and Italy already collect data on major borrowers and feed it back to commercial banks to assist them in assessing credit risks. But these systems operate only inside national frontiers, and the expansion of international bank lending argues in favour of its extension on a Community-wide basis.

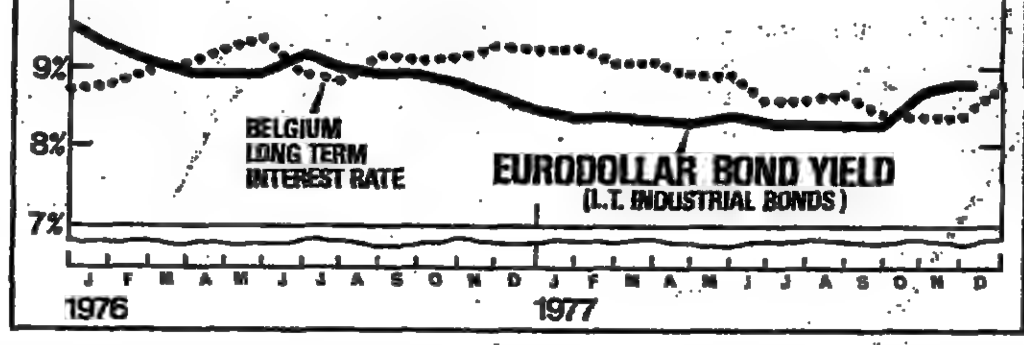
Another priority area is deposit insurance. Though the U.S. has had a system operating for more than 40 years, Germany is the only EEC country to have established a formal scheme, and then only for private banks. In the U.K., one has been proposed in the Government's recent White Paper on banking. The commission would like to see similar standards of protection for depositors instituted throughout the Community, though the precise details of how the schemes operated could be left to national authorities to decide.

Given that it took the EEC more than 20 years to get around to approving a directive on the harmonisation of banking practices, it would probably be optimistic to expect that the contact committee will succeed in achieving agreements rapidly. The wide differences that exist between national banking practices and the technical complexity of many of the issues before it are likely to mean that it will be some months before its labours begin to bear fruit.

None the less, some indirect benefits are likely to accrue from the mere fact that regulatory officials will be sitting down and talking to each other in private on a regular basis. There is good reason to believe that the international ramifications of the bank failures which have occurred in recent years could have been contained more effectively if the lines of communication between national bank supervisors within the EEC had been more effective. If better co-ordination can be achieved in future, the EEC's efforts to break down national banking barriers will have achieved at least one salutary result.

Guy de Jonquieres

Less of a force in Eurobonds



THOSE FACED with the problem of trying to describe the archetypal Eurobond investor have traditionally resorted to the phrase "Belgian postman" or "Belgian dentist." There is no hard evidence to suggest that Belgian postmen or Belgian dentists have ever had more of a propensity to buy Eurobonds than say French dentists or Belgian lorry drivers, but what is not in doubt is that Belgium has had a close association with the Eurobond market right from the start.

There are those who argue that Belgium was indeed the cradle of the Eurobond market insofar as the first true Eurobond issue was denominated in European units of account and issued in 1961 under the aegis of Kredietbank. Alternatively, if one prefers to date the Eurobond market back to the first dollar denominated issue, Belgium can also claim involvement from the start as the first borrower—it made a dollar denominated issue in 1963 (even before the U.S. Interest Equalisation Tax was announced).

Since those early days, the Eurobond market has grown far beyond the bounds of imagination and naturally Belgium's importance has diminished considerably. This has been particularly the case however since 1976.

Topped

One notable index of this decline is the fact that Kredietbank Luxembourgeoise, which bases its position substantially on its Belgian connection, topped the league of issue managers in 1975 but last year had sunk to ninth place. Initially, the importance of Belgian investors fell back because of greatly increased interest elsewhere: during the past year however it is probable that it has fallen back in absolute terms, too.

Part of the reason for this can be seen from the chart. Back in 1975, the Belgian long term bond yield stood at between 8 and 9 per cent, while the yield on Eurodollar bonds ranged between 11 and 9 per cent. There was a clear income advantage for Belgians from investing in dollar denominated bonds. Since then this has seldom been the case.

At the moment last year when it looked as though the yield incentive might be re-emerging, the market was swamped by the sharp fall in value of the dollar. Although Belgians have not been affected to anything like the same extent as investors from many other European countries, the Belgian franc has appreciated by about 10 per cent. against the dollar in the past six months and Belgians have probably cut back their holdings of dollar bonds significantly.

Domestic

Although they have probably increased their holdings of what are traditionally regarded as strong currency issues, particularly D-marks and guilders, a proportion of the money disinvested from dollars has probably been placed in domestic bonds.

The position now is obscure. The measures introduced by the Swiss three weeks ago have provoked some kind of turnround in the currency situation and dealers in Belgium say that Belgian investors have just, in the last few days, started to buy dollar bonds again.

If the dollar were to recover the situation certainly looks favourable for a return of the Belgian investor. This is largely because domestic interest rates have fallen. Having been provoked upward towards the end of last year by a bout of currency weakness, they have now fallen back again.

Eurodollar bond yields by contrast have risen in the last few months and the gap between Belgian franc and Eurodollar yields now favours investment in Eurodollar bonds. Dealers say that some of the large volume new dollar issues announced in the last week—notably Norway's five-year issue and Australia's four-year issue—are being well received in Belgium.

Whether in dollars or in other currencies the Belgians have a lot of money to invest and are very internationally orientated. The value of the two big bond funds alone—Rentinvest, managed by Société Génréale de Banque; and Rentafund, managed by Banque Bruxelles-Lambert—amounts to some B.Frs.30bn. (about $900m.).

If these funds were to increase the dollar component of their holdings by 10 per cent—which would not be surprising in to-day's conditions if the dollar strengthens — then this would be a substantial support for a series of new issues.

Mary Campbell

The Management Page

EDITED BY CHRISTOPHER LORENZ

On St. Patrick's Day, **Michael Lafferty** reports on Irish investment policy

Ireland's easy-going way with foreign companies

THE MOST striking feature of the Irish business scene for someone used to British standards of openness and disclosure is its preoccupation with secrecy. Companies, particularly the subsidiaries of foreign multinationals, which have been tempted in by the unparalleled incentive package offered by Ireland's Industrial Development Authority, are often reluctant to reveal even their turnover.

The answers which I received to some recent questions serve to illustrate the point very well: when I asked a director of a major U.S. multinational for his Irish turnover, he admitted hesitantly that it was "somewhere between 10 and 20 million pounds"—but only after being assured that this was the sort of information any company could be expected to reveal. Again, when I inquired what measures the IDA itself takes to make companies accountable for the grants it gives them, a senior executive of the authority replied: "We can rely on the unions a lot—they usually kick up a fuss if anyone tries to remove machinery from the plant."

Obviously the latter remark was meant partly in jest, since there is ample evidence that the IDA keeps in very close contact with the companies it invests in, both through regional offices and regular visits from head office. But formal monitoring, so far as it exists, is geared towards checking that companies meet their job targets rather than assessing their financial performance.

Nevertheless, the day cannot be far off when demands will increase for at least some accountability from the growing number of multinationals which are setting up operations in Ireland. At present, almost all of these operations are conducted through private companies or branches, with the result that there is no requirement to file any accounts with the country's Registrar of Companies since only public companies have to do this.

Of course, to the harassed U.S., U.K. or European multinational faced with ever increasing domestic and international pressures to disclose more, the Irish approach—which the IDA is not slow to promote—comes as a very welcome change. This relaxed attitude applies not just to accountability but across the whole area of foreign companies' operations in the country. As the IDA publicity handouts say: "An overseas firm in Ireland may transfer its dividends and profits from Ireland, in any currency, with exchange control approval from the Central Bank in Dublin. This is freely given in practically every case. Capital and appreciation of capital may also be repatriated."

But if Ireland is free and easy in its attitude to regulating foreign companies, the Industrial Development Authority is gradually becoming more and more selective in the companies and projects it is willing to support. IDA executives admit that until the beginning of the 1970s the accent was on getting jobs of any kind in an effort to solve Ireland's very high level of unemployment.

To-day the IDA seeks three things in every project it is willing to help: the company must have a proven track record in manufacturing a product allied to the one it intends to manufacture in Ireland; it must have a proven ability to sell its products; and it must be able to match IDA investment in the project pound for pound.

This means that the proposed Irish product should ideally be a market leader, have a high added value content, and require a high level of expertise in manufacture and completion. Examples cited by the IDA include:

- Loctite, the U.S. company which is developing and manufacturing new types of industrial adhesives and fasteners in Ireland.
- Pfizer, the U.S. chemical giant, whose subsidiary, Howmedica, produces bone repair implants and joints at a factory in Limerick. This company has established its European research and development headquarters in Ireland.
- Analogue Devices, another U.S. concern which set up an operation in Ireland in 1976 to manufacture integrated circuit components.

In the period from 1960 to December, 1977, a total of 692 manufacturing projects—new industries or major expansions—owned wholly or partly by overseas companies began production in Ireland with the assistance of the IDA. The U.K. has provided most projects (217), followed by the U.S. (211) and Germany (127). But in terms of capital investment the U.S. has been by far the most important source, accounting for 48 per cent. of the total.

An example of the earlier type of investment project, providing largely unskilled jobs, is the U.S. General Electric's factory, again in Limerick, where the work involves a straight assembly process of a smoke alarm and electron guns, with almost all of the production re-exported to the U.S.

Ireland still needs much more semi-skilled and skilled employment—unemployment is currently running at around 10½ per cent.—and the IDA is willing to compete for projects such as the £250m. Ford plant (which in the end went to South Wales), where the payback in jobs created can be high. But the increasing problem for Ireland is how to employ the 8,000 graduates—not to mention the 60,000 school leavers — produced by its universities each year. At the very best only 50 per cent. of these young people are at present able to find jobs in Ireland. The rest must either emigrate or go on the dole.

It was in a brave effort to deal with this problem that the IDA launched its service industry incentive package back in 1974. So far this is reckoned to have created 4,500 extra jobs and the target is for a further 1,500 this year. The programme has been aimed mainly at engineering consultants, process engineering and plant contractors, computer services, architectural and quantity surveying firms. But financial services firms are also welcome.

Ireland's investment incentives for foreign investment are undoubtedly attractive, and the IDA's salesmanship is certainly aggressive. But the outlook is decidedly mixed, now that so many countries are trying to outdo each other in their attractiveness to multinationals and at a time when there is not all that much investment to go round.

Taking the lead on employee pay

IN ALMOST every area of the progress of a company, management provides a lead. An exception, however, is in industrial relations and, more specifically, pay; and then management is on the defensive.

This is the view expressed by management consultants Binder Hamlyn Fry in an executive guide* on employee payment systems. The guide also says that while employees are primarily concerned with how much they earn management often neglects to consider how they are paid. Here again BHF blames management's defensiveness.

Timing

A payment system should be recognised as a means to an end, "one of the ways available to management to achieve the objectives of an organisation," says BHF.

The worst possible time to think about methods of payment is when pay levels themselves are about to come up for negotiation. An audit of payment systems should begin within two or three months of the completion of negotiations. "It is then most likely that all parties can turn their attention from the 'how much' questions and in a constructive atmosphere begin to define the 'how' questions."

The guide does not plump for any particular system. "Value judgments about whether an incentive scheme or job evaluation or measured day work, or any other system is better or worse than any other, are meaningless, if made outside the context of what has to be achieved and what has to be communicated."

Selecting a payment system requires analysis of both the objectives and the environment in which they have to be achieved. Defining the objectives, says BHF, is an area in which employee participation plays an important role in both the analysis and the acceptance of any new system.

The payment system and the way any changes are made to it are important elements in management's communication with employees: "they reflect not only the objectives and environment of the organisation but also the values and style of management."

The report carries a cautionary message as well. If the aim of the system is essentially to police work being carried out and involves elaborate controls—"on the assumption that most people dislike or object to the company goals"—then people will assume they have a right to beat the system.

And where there is little job satisfaction, day to day arguments over pay can become the main source of job interest. "It is important to distinguish between the controls or monitoring which tell people—management, supervisers, rank and file—'how we are doing and where extra support is necessary' with those which measure performance with the primary implication of sanctions if standards are not reached," says the guide.

Providing the circumstances are favourable, financial incentives will supplement other management aids. Their value comes from the effect on performance and from the way they help communication and promote identification with corporate goals.

Effective

Financial incentives will be more effective when: output can be measured to an acceptable standard; the results are directly or mostly attributable to the individual or group to whom payment is being made; that whatever is being measured is largely under the control of the employees concerned: management is able to maintain a steady work flow: the effects of changes in methods, materials and equipment are minimised: the system ensures that when results deteriorate discussion is centred on what can be done to overcome the problem rather than on sanctions and blame; earnings are reasonably stable; the variable part does not exceed one quarter of average earnings, excluding overtime: employees understand the measurement and payment systems; the incentive encourages the trial and implementation of new methods; and the incentive motivates the management as well as other employees, says the guide.

Executive Guide: Selecting a Payment System, Binder Hamlyn Fry, 227/228 Strand, London WC2A 1LT, £1.50.

Jason Crisp

Business privilege versus democracy

Politics and markets: the world's political-economic systems. Charles E. Lindblom. Harper and Row £10.00

BOOK REVIEW BY GEOFFREY OWEN

MOST WESTERN democracies operate a market economy, based largely on private enterprise. The market economy will not function effectively unless private enterprise — and in particular the large corporation which dominates most sectors of industry — is given extraordinary privileges and powers in relation to the rest of society. These privileges and powers are incompatible with democracy. If true democracy is to flourish, some means must be found of controlling the large corporations. There is at least a chance that democracy, freed from the shackles imposed by excessive business power, can again become a revolutionary force capable of unlimited development.

In arguing this thesis, Mr. Lindblom, who is Sterling Professor of Economic and Political Science at Yale, describes the range of direct and indirect benefits which Governments confer on business. He suggests that the business community is much more than simply one interest group among many. Decisions on income distribution, on the allocation of scarce resources, on every major aspect of production and distribution are, in effect, delegated by Governments to business executives. "Businessmen thus become a kind of public official and exercise what, on a broad view of their role, are public functions." The consequence is that a large area of public decision-making is removed from democratic or, in Lindblom's phrase, "polyarchic," control.

Unlike other interest groups, businessmen can draw on the resources they command as public officials to support their activities in politics. Whereas the President has to rely on private contributions, not on Treasury funds, to support his election campaigns, business executives can use the funds of their corporations to support whatever political objectives they choose. Through the power of advertising, moreover, corporations can mould public opinion and perpetuate a climate in which the privileged position of business is accepted by the public. The result, seen in its most extreme form in the U.S., is conformism and a severe limitation on the competition of ideas which ought to be part of a healthy democratic system; the absence there of any widely circulating radical newspaper is an indication of this, he says.

The rise of the corporation, says Lindblom, has created a core of wealth and power for a newly constructed upper class. "The executive of the large corporation is, on many counts, the contemporary counterpart to the landed gentry of an earlier era, his voice amplified by the technology of mass communication."

The absence of class conflict in the U.S. stems from the indoctrination of American workers in "the values and volitions of the favoured class." American unions are less active in politics than their counterparts in Europe. This has meant that in social security, in collective goods and services and in redistribution of income the U.S. has lagged behind European countries.

Although the power of business has been restrained in some fields, such as environmental pollution, many other desirable changes have been blocked. "Businessmen need do no more than persuade government officials that reforms will damage business. Their vetoes are powerful and ubiquitous."

Lindblom draws a distinction between two types of privilege; those that directly assure profitability and those that give the corporation autonomy to pursue profits with little restraint. Business executives habitually claim that any interference with their autonomy undermines the market system and is therefore bad for consumers. Governments, he argues, should treat these claims more sceptically.

The fundamental problem is how to reconcile a market system — that is, a society in which the preferences of consumers determine what goods and services are provided — with democratic control. Lindblom gives qualified approval to the Jugoslav experiment which, by destroying the historical connection between market system and private enterprise, "may pressage the gradual development of a greatly more efficient and equitable economic system."

In any case, he believes, the market-oriented polyarchies may be unable to reconcile for much longer the necessary privileged demands of business with the demands of strong unions and the welfare state. Recent developments in Sweden point in this direction.

Even in the U.S., according to Lindblom, the effects of indoctrination by the business class may be wearing off: acquiescence, deference and compliance are on the wane. We may be moving towards a democratisation of society in which the role and behaviour of private corporations will be profoundly changed.

Lindblom almost certainly exaggerates the degree of autonomy enjoyed by large companies, especially in countries outside the U.S. But the book provides respectable intellectual support for those who wish to curb or even to destroy big business. Businessmen will need to develop an equally powerful response.

LOMBARD

Putting a price on liquidity

BY ANTHONY HARRIS

DURING THE great lending boom of 1972/73, the building societies started urging their clients to buy cookers and carpets and various other inappropriate items on 25-year tax-deductible credit. The Governor of the Bank of England rightly dropped on them from a considerable height, and reminded them that they were not banks.

During the great deposit boom of recent years, the societies have been edging into the banking business again—but in providing liquidity, not credit. Their branches are widely used for ordinary cash deposit and withdrawal—a service whose cost can readily be absorbed by growing and non-profit institutions. This time there has not been a squeak from the Old Lady. Nothing could better illustrate the proposition put forward in this column yesterday—we have a credit policy, not a policy about money.

Control

The great question is how far this matters, if at all. To true monetarists, the question answers itself—the stock of liquidity is the great explainer of everything economic, and controlling it is the central aim of policy. To them, the question is only how to control it.

However, true monetarists are rare. Most people, I believe, regard money as not so much the fuel in the economy as the oil; if you choke back the supply, the machine will not so much slow down as seize up. On this view it would be dangerous even to try to control the "true" money supply; the whole merit of existing policy, which controls a very artificial measure of money, is that it acts on credit rather than liquidity, and helps—along with fiscal policy, incomes policy and the rest—to control the conditions which govern the economy and the growth of liquidity. This is pretty much the official view.

Now the obvious way to influence the demand for anything is to act on its price, as President Carter is trying to persuade Congress over the question of actual oil; but when it comes to money in this country, policy is oddly lopsided. The authorities are obsessed with the cost of credit, but show no concern whatever with the cost of liquidity.

This neglect may be due to the delusion that the cost of liquidity is simply measured by the cost of not holding long-term assets, so that any action which raises the cost of credit raises the cost of liquidity. This is a pure academic abstraction. The fact is that the man in the street can go to a building society, or the company treasurer can make an interest-bearing overnight deposit, and get his liquidity at negligible cost. A current account is an investment in free banking services; cash in your pocket an investment in convenience.

Now this is a very odd state of affairs. It used to be a safe rule that borrowers paid over the odds for long credit, and lenders got a corresponding reward—and the rule still holds in other countries. In Britain, however, we seem to run our short-term finance (though not our bond market) with a stopped clock. Savings institutions unbelt on demand, banks routinely roll over short-term credit, and the books will hardly tell you if a financial institution is being ultra-cautious or recklessly over-trading.

The reason for this is, I believe, the very odd feature of Competition and Credit Control, the rule-book for banking since 1971: the fact that all banks have the same reserve requirements. Yet at the hypothetical extremes, an agricultural mortgage bank taking genuinely long money needs minimal reserves, while a *bureau de change* must keep every penny in the till.

Sloppiness

A sloppy rule makes for sloppy banking, so there is a purely prudential argument for separating sheep and goats; but there is surely an economic argument, too. A uniform reserve rule, regardless of the term of liabilities and assets, means that liquidity costs nothing for the intermediaries to provide: that is why they do not charge for it. This in turn means that the yield curve or charge curve through the banking spectrum is practically dead flat, and the authorities can only affect monetary conditions by raising the whole structure of rates. A control of the cost of liquidity, through discriminating and variable reserve requirements, would mean that depositors and borrowers could be tempted or pushed up and down the slope, and make rates rather steadier; and once there was a price on it, sloppiness about rollover and early withdrawal would soon vanish. A tighter, sounder, stabler system is worth having even if you cannot control its precise growth from day to day.

Problems beneath a patina of prosperity

BY ANTHONY MORETON

FIRST APPEARANCES can be deceptive, as one soon learns in Newcastle. The place radiates an aura of prosperity. An elegant Victorian town designed by Dobson and built by Grainger has had grafted on to it the compulsory modern trappings, such as a covered shopping centre, and the new blends in easily with the old.

British Shipbuilders has its headquarters in the city and Government offices proliferate. A town that once hummed with industrial activity among its shipyards and heavy engineering factories now resounds more to the clack of typewriters. Seven of every ten of its workforce are in service industries. Others may cavil, but Newcastle is without doubt the capital of the north east.

But beneath the surface Newcastle has severe problems. There is still some engineering (C. A. Parsons) and shipbuilding (one of Swan Hunter's yards), but these industries no longer play the dominant role that they did after the first world war. And with heavy lay-offs imminent at Swan Hunter they will shrink even further. The coal trade which once made Newcastle famous around the world has disappeared. Over 13,000 people are out of work and the number is rising. Since 1966 the number of people in employment has dropped by 13,000, and the number out of work has trebled. Unemployment is particularly severe in manufacturing industry. Seven of every ten out-of-work are manual workers, almost half are under 25, and just under a quarter are construction workers.

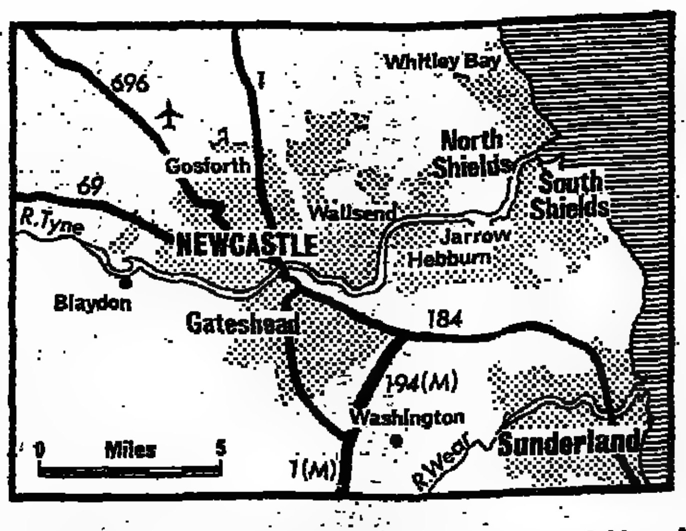
The position is bad enough within the city, but that of the other districts which comprise the new county of Tyne and Wear is much worse. Among men, 7 per cent. are out of work in Newcastle compared with over 15 per cent. in South Tyneside (Jarrow and South Shields), almost 15 per cent. in Sunderland, and 12 per cent. in North Tyneside (Wallsend and North Shields).

Newcastle—along with Gateshead, its southern neighbour across the Tyne — has been selected by Mr. Peter Shore for one of the inner-city partnerships that the Government is developing to provide assistance to bring industry back into the city centres. In the city hall there is great hope that the programme will do much for the city. Mr. Ken Galley, the chief executive, says that people are excited not just because of the money which will become available — and at £7m. a year the amount is appreciable — "but because everyone is settling down to work out common objectives."

Jealousy

This is important on Tyneside as there is considerable jealousy among the other districts of the position of Newcastle. In theory, Newcastle is another district council like any other in Tyne and Wear. In fact, it is the dominant partner, which the others do not always like. It is only natural that they should resent their higher levels of unemployment, but it is completely illogical that they should resent Newcastle's position as the leading city of the North East. Newcastle is the focus of industry and commerce. Parochial jealousies could only exacerbate matters.

The inner-city programme will give a considerable boost to the work which Newcastle is already doing to provide jobs. Next month a campaign is to be launched by the city to draw in industry from outside. In the meantime existing small firms are being encouraged to expand.



The case of Brown Brothers (Polystyrene) is typical. Brown makes expanded polystyrene for the packaging and building industries. Although it only employs just under 30 people it has a virtual monopoly of supply for a radius of about 50 miles. Growth was inhibited by physical restraints. The company wanted to move and to move within a short distance to keep its trained workforce. At this point the corporation entered. It had recently bought an old pit-head site from the National Coal Board on the city's northern edge, just what Brown Brothers was looking for. The company moved in January and is now thinking of taking on more workers to meet the expanding demand.

Only nibble

Individual successes such as these will not go far to reduce unemployment because they only nibble at the edges. But if they are repeated a sufficient number of times then there will be a multiplier effect which will be felt over a wider area. This is the thinking behind next month's campaign.

The city wants to create 2,500 jobs by 1981 and to expand the number of jobs associated with what it sees as its regional capital functions. So it is to put into effect a rolling programme for rehabilitating old industrial and commercial buildings, build factories, prepare land for development and, not forgetting the service sector, create office sites.

Land acquisition is no problem, according to Mr. Galley, as Newcastle already owns a substantial proportion of the land within its city. The land bank has been built up over the years and has been instrumental in changing the face of Newcastle since the war.

The land bank has enabled the council to earmark areas for industry, such as the Brunswick, Stamfordham road, Scotswood road, and Walker industrial estates. The importance of these estates to companies like Brown is that it not only enables them to expand but also to hold on to their workforce. Employees are reluctant to travel far in Newcastle and a company which wants to move faces the danger of losing those workers which it has already trained. Vicort, which manufacturers badminton rackets, is moving to a new site, but one which is near enough for it to retain its 120 or so workers. It is an example of the sort of industrial co-operation to which Newcastle attaches so much store.

Follow Thomson's Policy

RACING

BY DOMINIC WIGAN

THE WEATHER, which interfered in a totally unexpected way yesterday to claim its biggest sports victim of the winter — the Gold Cup — has already ruled out this afternoon's principal meeting — Lingfield.

There, a residue of slush left in the wake of Wednesday's night's light fall of snow has left parts of the course unraceable. However, some sport should be possible, for Uttoxeter report no problems, and the Staffordshire track's card is due to start as scheduled with the Spring Novices' Chase at 2.15.

Best bet of the afternoon on the Midlands course could be that promising young hurdler, Thomson's Policy, who had the misfortune to be brought down three flights from home in the Evesham Hurdle, at Cheltenham, last time out.

John Edwards's Jukebox colt was poised on the heels of the leaders when impeded by Sealegation at that flight, and there is little doubt that he would have given the three principals Accelerate, Morning Lee and Pin Tuck a good run for their money had he enjoyed a little more luck in running.

If, as seems likely to be the case, judged by the smart form being shown by his stablemates, Thomson's Policy is still at his best he should not be hard pressed to improve a place on his game second place effort behind Green Mansions at Newton Abbot.

I hope to see him justify his position in the line up in favour of Edwards's other two, Lewis Homes and Swinging Safari, with a clear cut success over the likely favourite Tilthammer Mill, a respectable third to Mackelly, at Stratford, a week ago.

Whatever his fate with Tilthammer Mill, Kinnersley trainer Fred Rimell should have at least one winner for Great Brig appears to have little to do in the Spring Novices' Chase, won a year ago by stable companion Folio.

UTTOXETER

2.15—Great Brig**
2.45—Harry's Fizzale
3.15—Three Musketeers*
3.45—Holly Park
4.15—Monty Python*
4.45—Thomson's Policy***

TV/Radio

† Indicates programme in black and white.

BBC 1

6.40 a.m. Open University. 9.30 For Schools, Colleges. 10.45 You and Me. 11.05 For Schools, Colleges. 12.45 p.m. News. 1.00 Pebble Mill. 1.45 Mr. Benn. 2.05 For Schools, Colleges. 3.20 Trem. 3.53 Regional News for England (except London). 3.55 Play School (as BBC 2 11.00 a.m.). 4.20 Dorothy. 4.25 Jackanory. 4.40 The Clangers. 4.55 Crackerjack. 5.35 Ludwig.

5.40 News.
5.55 Nationwide (London and South East only).
6.20 Nationwide.
6.40 Sportswide.
7.00 Cartoon Time.
7.15 The Wonderful World of Disney.
8.00 The Goodies.
8.30 Going Straight.
9.00 News.
9.25 Life At Stake.
10.15 To-night (London and South East only).
10.45 Regional News.
10.46 Grand Slam.
11.45 The Late Film: "Sunuru," starring Frankie Avalon.

All regions as BBC 1 except at the following times:

Wales—11.05-11.25 a.m. For Schools. 1.45-2.00 p.m. Tredwt. 5.55-6.20 Wales To-day. 7.00 Heddiw. 7.25 Cadwaladr. 7.30-8.00 Ar Glawr. 10.15 Kane on Friday. 10.45-10.46 News for Wales.

Scotland—10.23-10.45 and 11.05-11.25 a.m. For Schools. 5.55-6.15 Reporting Scotland. 6.15-6.25 Conference 78: Report on to-day's Labour Party debates. 6.25 Join BBC 1 London for Nationwide. 10.15 The Merchants of Venison. 10.45-10.46 News for Scotland.

Northern Ireland—10.23-10.45 a.m. For Schools (Ulster in Focus). 3.53-3.55 Northern Ireland News. 5.55 Scene Around Six. News and views, followed by local Weather. 6.15 Rugby Union: The Schools Cup Final (highlights). 6.40 Join BBC 1 London for Nationwide. 10.15 An Evening at the Riverside. 10.45-10.46 News for Northern Ireland.

England—5.55-6.20 p.m. Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands To-day (Birmingham); Points West (Bristol); South To-day (Southampton); Spotlight South West (Plymouth). 10.15-10.45 East (Norwich) On Camera; Midlands (Birmingham) A Carnival of Music; North (Leeds) Let The People Talk; North East (Newcastle) Friday North; North West (Manchester) Watchwords; South (Southampton) Ponderosa Country; South West (Plymouth) Peninsula; West (Bristol) The Past Around Us.

BBC 2

6.40 a.m. Open University.
11.00 Play School.
4.55 Open University.
7.00 News on 2 Headlines.
7.05 Indoors Outdoors.
7.30 Newsday.
8.10 Heads and Tails.
8.25 The Money Programme (a look at the latest trade figures).
9.00 Pot Black 78.
9.30 Mary O'Hara in concert.
10.15 Horizon.
11.03 International Badminton.
11.45 Late News on 2.
11.55 a.m. Closedown: Hugh Dickson reads from "The Family Reunion," by T. S. Eliot.

LONDON

9.30 a.m. Schools Programmes. 11.54 Felix The Cat. 12.00 Song Book. 12.10 p.m. Rainbow. 12.30 Look Who's Talking. 1.00 News plus FT index. 1.20 Help! 1.30 Money-Go-Round. 1.55 Beryl's Lot. 2.25 Friday Matinee: "Great Catherine." 4.15 Snacker. 4.45 Magpie. 5.15 Emmerdale Farm.

5.45 News.
6.00 Thames at 6.
6.35 Crossroads.
7.00 Mind Your Language.
7.30 Mixed Blessings.
8.00 Survival Special.
9.00 The Professionals.
10.00 News.
10.30 Police 5.
10.40 When Irish Stars are Shining.
11.40 How To Stay Alive.
12.05 a.m. Stars on Ice.
12.35 Close — Geoffrey Hinsliffe reads a poem by Rabindranath Tagore, the Indian poet.

All IBA regions as London except at the following times:

ANGLIA

1.25 p.m. Anglia News. 2.25 Friday Film Matinee: "The Angel Who Pawned Her Harp." 3.50 Out of Town. 5.15 Happy Days. 6.00 About Anglia. 10.30 Probe Special. 11.15 When Irish Stars are Shining. 12.15 a.m. Twenty Nine. 12.45 Women Who Matter.

ATV

11.55 a.m. The Adventures of Parsley. 1.20 ATV Newsdesk. 1.55 Indoor League. 2.55 The Sullivans. 3.25 Beryl's Lot. 3.50 Stars on Ice. 5.15 Get Some In! 6.00 ATV To-day. 8.00 Rafferty. 10.30 When Irish Stars are Shining. 11.30 The Price of Fear: "Shock," starring Vincent Price.

BORDER

12.30 p.m. Nature of Things. †1.20 Border News. 1.55 Betty Boop Cartoon. †2.00 Matinee: "The Third Man," starring Joseph Cotton and Orson Welles. 3.50 Beryl's Lot. 5.15 The Practice. 6.00 Lookaround Friday. 8.00 The Bionic Woman. 10.30 Border Parliamentary Report. 11.00 When Irish Stars Are Shining. 12.00 Film: "Hunted." †12.45 a.m. Border News Summary.

CHANNEL

1.18 p.m. Channel Lunchtime News and What's On. 1.55 Cartoontime (Betty Boop). 2.00 Beryl's Lot. †2.30 The Friday Matinee: "The Secret Heart." [illegible] Report At Six. 8.00 The Bionic Woman. 10.28 Channel Late News. 10.35 Late With Danton. 10.50 When Irish Stars Are Shining. 11.50 Nightcall. 12.20 a.m. News and Weather in French.

GRAMPIAN

9.25 a.m. First Thing. 1.20 p.m. Grampian News Headlines. 1.55 Indoor League. 2.25 Friday Matinee: "The Hour of 13," starring Dawn Addams. 3.50 Beryl's Lot. 6.00 Grampian Today. 7.30 The Jim MacLeod Show. 8.00 Emergency. 10.30 When Irish Stars Are Shining, followed by road and ski report. 11.30 Reflections. 11.35 The Collaborators.

GRANADA

1.20 p.m. This Is Your Right. 1.55 The Nature of Things. 2.25 The Amazing World of Kreskin. 2.50 The [illegible] Gourmet. 3.20 Harriet at the [illegible] Beryl's Lot. 5.10 This Is [illegible] (second chance to see Lord [illegible] programme). 5.15 Crossroads. [illegible] Granada Reports. 6.30 [illegible] Survival Special. 10.35 [illegible] 11.00 When Irish Stars Are Shining. [illegible] Boney Picks a Widow.

HTV

1.20 p.m. Report West Headlines. 1.25 Report Wales Headlines. 1.30 Indoor League. 2.00 Women Only. 2.25 "Left, Right and Centre," starring Ian Carmichael and Alastair Sim. 5.15 The Undersea Adventures of Captain Nemo. 5.20 Crossroads. 6.00 Report West. 6.15 Report Wales. 6.30 Emmerdale Farm. 8.00 When Irish Stars Are Shining. 10.35 Report Extra. 11.05 The Late Film: "Girl Stroke Boy."

HTV Cymru/Wales—As HTV General Service except: 1.20-1.25 p.m. Penawdau Newyddion Y Dydd. 4.15-4.45 Can Y Morio. 6.00-6.15 Y Dydd. 10.35-11.05 Outlook On Agriculture.

HTV West—As HTV General Service except: 1.20-1.30 p.m. Report West Headlines. 6.15-6.30 Report West.

SCOTTISH

1.25 p.m. News and Road Report. 1.55 Betty Boop. †2.00 Friday Film Matinee: "The Mudlark," starring Alec Guinness. 3.50 Beryl's Lot. 5.15 Piper and Friends. 5.20 Crossroads. 6.00 Scotland Today. 6.30 The Better Sex. 8.00 The Six Million Dollar Man. 10.30 Ways and Means. 11.00 When Irish Stars Are Shining. 12.00 Late Call. 12.05 a.m. Blake.

SOUTHERN

1.20 p.m. Southern News. 1.30 Indoor League. 2.00 Women Only. 2.25 Friday Matinee: "The Gun and the Pulpit." 3.50 Beryl's Lot. 5.10 Weekend. 5.20 Crossroads. 6.00 Day by Day (Channels 6, 11, 27, 42, 59 and 60) Scene South East (Channels 10, 43, 64, and 66 only). 6.30 Out of Town (Southern Television Production). 8.00 Emergency. 10.30 When Irish Stars are Shining. 11.30 Southern News Extra. 11.40 Boney.

TYNE TEES

9.20 a.m. The Good Word, followed by North East News Headlines. 1.20 p.m. North East News and Lookaround. 2.00 Film Matinee: "Drop Dead Darling." 3.50 Beryl's Lot. 5.15 Mr. and Mrs. 6.00 Northern Life. 8.00 When Irish Stars are Shining. 10.30 Sportstime. 11.05 The Friday Film: "Theatre of Death," starring Christopher Lee. 12.40 a.m. Epilogue.

ULSTER

1.20 p.m. Lunchtime. 1.55 Cartoon Time. †2.00 Friday Matinee: "The Mudlark." 3.50 Beryl's Lot. 4.13 Ulster News Headlines. 5.15 The Flintstones. 6.00 Ulster Television News. 6.05 Crossroads. 6.30 Reports. 6.50 Police Six. 8.00 When Irish Stars are Shining. 10.30 Two at 10.30. 10.35 Sportscast. 11.05 Friday Film.

WESTWARD

9.20 a.m. West Country Job-Finder. 11.50 Look and See. 12.26 p.m. Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 1.55 Cartoontime (Betty Boop). [illegible]

YORKSHIRE

[illegible]

RADIO 1 247m

(S) Stereophonic broadcast

6.00 a.m. As Radio 2. 7.02 Noel Edmonds. 9.00 Simon Bates. 11.31 Paul Burnett including 12.30 p.m. Newsbeat. 2.00 Tony Blackburn. 4.31 Dave Lee Travis including 5.30 Newsbeat. 7.00 Syd Lawrence [illegible]

RADIO 2 1,500m and VHF

[illegible]

RADIO 3 464m, Stereo & VHF

[illegible]

RADIO 4 434m, 330m, 285m and VHF

[illegible]

BBC Radio London 206m and 94.9 VHF

[illegible]

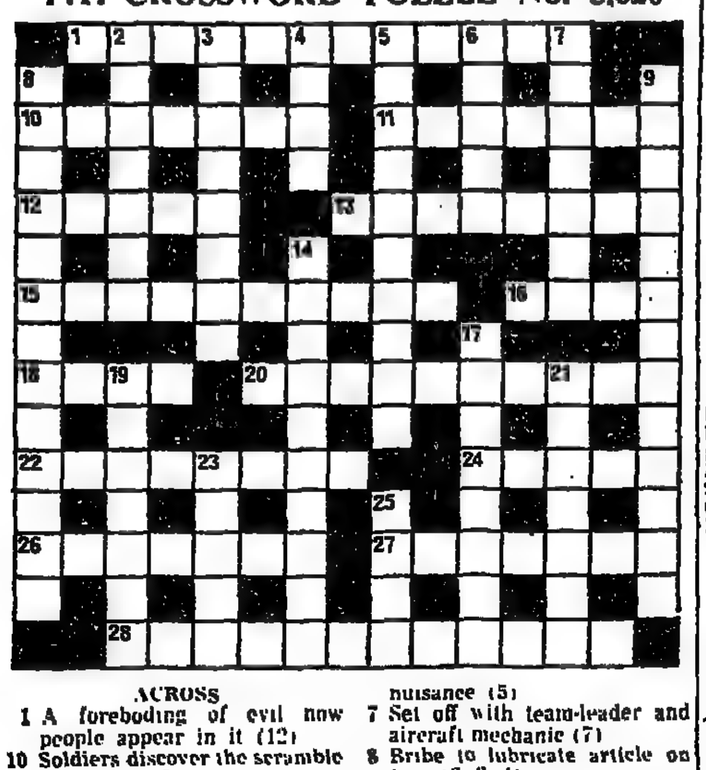
London Broadcasting 261m and 97.3 VHF

[illegible]

Capital Radio 194m and 95.8 VHF

[illegible]

F.T. CROSSWORD PUZZLE No. 3,620



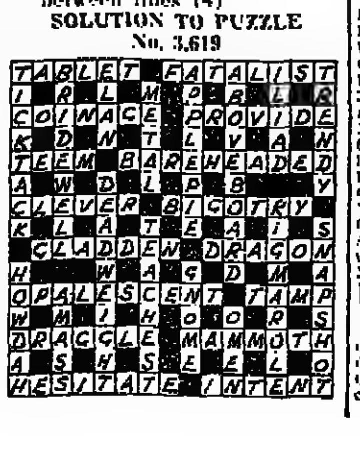
ACROSS

1 A foreboding of evil now people appear in it (12)
10 Soldiers discover the scramble to get on (3, 4)
11 Language spoken by Pole in the end (7)
12 Change notice about males (5)
13 What the totter's doing to make a pudding (6, 2)
15 Without bird and friend outside (10)
16 Smile, being right in spirit (4)
18 Take cover! The animal's outside! (4)
20 Could it be a metric hit? (10)
22 Delay letters and postal-order to the north-east (8)
24 A fool returning article from Bath (5)
26 Like an awkward boor, left out his to be re-arranged (7)
27 Waiting for a call in start of game (7)
28 Soak the French horse's head in case it's a race (12)

DOWN

2 Withdraw soldiers and stand a round (7)
3 Flag to erect on a road (8)
4 Born and died in want (4)
5 Disbelief I'd finitely change (10)
6 Boredom from a rotten nuisance (5)
7 Set off with team-leader and aircraft mechanic (7)
8 Bribe to lubricate article on tree (6, 3, 4)
9 What the butcher may give to make alterations (4, 3, 6)
14 Strange shop in mart or office in hospital (10)
17 Not very big but I'll get up and hit outside (8)
19 Debate sporting missile going to the south (7)
21 Wherein it's hot but the subject's about right (7)
23 Travel a ter soft lions (5)
25 Style of letter showing notes between lines (4)

SOLUTION TO PUZZLE No. 3,619



ENTERTAINMENT GUIDE

C.C.—These theatres accept certain credit cards by telephone or at the box office.

OPERA & BALLET

COLISEUM. Credit cards. 01-240 5258. Reservations 01-836 3161. ENGLISH NATIONAL OPERA. Tonight & Thurs next 7.30 Don Giovanni; Tomor. and Wed. next 7.00 Force Of Destiny; Tues. 7.30 Gala Performance. 104 balcony seats always available day of performance.

COVENT GARDEN. CC. 240 1066. (Gardencharge credit cards 836 6903). THE ROYAL OPERA. Tonight & Thur. 7.30 Il Trovatore. Tomor. & Tues. 7.30 p.m. Idomeneo. THE ROYAL BALLET. Tomor. 2.00 p.m. La Fille mal gardée. Wed. 7.30 p.m. Manon. 65 Amphi' seats for all perfs. on sale from 10a.m. on day of perf.

SADLER'S WELLS THEATRE. Rosebery Ave. EC1. 837 1672. Last perfs. BALLET RAMBERT. Tonight and Tomor. 7.30: Cruel Garden. Mar. 20 to April 1: PILOBOLUS Dance Theatre.

THEATRES

ADELPHI THEATRE. CC. 01-836 7611. Evgs. 7.30. Mats. Thurs. 3.0, Sats. 4.0. GOOD FRIDAY—One Perf. at 7.30. IRENE. THE BEST MUSICAL OF 1976, 1977 and 1978! IRENE. "LONDON'S BEST NIGHT OUT."—Sunday People. ALREADY SEEN BY NEARLY ONE MILLION HAPPY THEATREGOERS. CREDIT CARD BOOKINGS 836 7611.

ALBERY. CC. 836 3878. Credit card bkgs. 836 1071 (except Sat.). Mon., Tues., Wed. and Fri. 7.45. Thur. and Sat. 4.30 and 8. Extra Easter mat. Wed. 22 March at 4.30. "A THOUSAND TIMES WELCOME IS LIONEL BART'S MIRACULOUS MUSICAL." Fin. Times. OLIVER with ROY HUDD and JOAN TURNER. "CONSIDER YOURSELF LUCKY TO BE ABLE TO SEE IT AGAIN." Daily Mirror. APPLY BOX OFFICE FOR SPECIAL PARTY RATES.

HER MAJESTY'S. CC. 01-930 [illegible] Opening March 28. BRUCE FORSYTH in LESLIE BRICUSSE AND ANTHONY NEWLEY'S TRAVELLING MUSIC SHOW with DEREK GRIFFITHS. Directed by BURT SHEVELOVE. Prevs. Evenings 8.0. Sat. 3.0 & [illegible]

KING'S ROAD THEATRE. 352 [illegible] Mon. to Thur. 9.0. Fri., Sat. 7.30, [illegible] THE ROCKY HORROR SHOW. NOW IN ITS 5th ROCKING YEAR. THE GREAT ROCK 'N' ROLL MUSICAL.

LONDON PALLADIUM. 01-437 [illegible] MARCH 20th FOR TWO WEEKS. MISS GINGER ROGERS and Special Guest Star DONALD O'CONNOR and CHARLIE SMITHERS. A GREAT EVENING'S ENTERTAINMENT WITH HOLLYWOOD'S FOREMOST MUSICAL COMEDY STARS. BOOK NOW—Seats £2-£6.

LONDON PALLADIUM. CC. 01-437 [illegible] FROM MAY 25 TO AUG. [illegible] THE TWO RONNIES. BOOK WITH EASE ON THE EXCLUSIVE New "TWO RONNIES" HOTLINE 01-437 2055.

LYRIC THEATRE. CC. 01-437 3686. [illegible] 8.0. Mats. Thurs. 3. Sats. 5.0 and [illegible] JOAN PLOWRIGHT, COLIN BLAKELEY and PATRICIA HAYES in FILUMENA by Eduardo de Filippo. Directed by FRANCO ZEFFIRELLI. "TOTAL TRIUMPH." E. News. "AN EVENT TO TREASURE." D. [illegible] "MAY IT FILL THE LYRIC FOR A HUNDRED YEARS." Sunday Times.

MAY FAIR. CC. 629 [illegible] Mon. to Fri. 8.0. Sat. 5.30 and [illegible] GORDON CHATER "Brilliant." [illegible] THE ELOCUTION OF BENJAMIN FRANKLIN by Steve J. Spears. "A compassionate, funny, fiercely eloquent play." Gdn. "Hilarious." E.Std. "Wickedly amusing." E. News. "Spellbinding." [illegible]

MERMAID. 248 7656. Rest. 248 [illegible] Tom CONTI, Jane ASHER in WHOSE LIFE IS IT ANYWAY? THE NEW SMASH HIT ACCLAIMED BY EVERY CRITIC. [illegible]

New Theatre, Cardiff

Elektra by ARTHUR JACOBS


Anne Evans and Pauline Tinsley

It is magnificent, but that is [no]t enough. Blood-stained, [gi]gantic, grotesque, the Welsh [N]ational Opera's new production [of] *Elektra* catches the deliber[at]ely shocking nature of the tale [as] Hofmannsthal told it and [th]e deliberately brutal range of [S]trauss's sound. Rightly, the [op]era is given in English. Only [in] the language of the audience [co]uld such a work in such a [st]aging take its effect. But [ex]actly at this point the [de]ficiency arises: the words are [no]t sufficiently intelligible. [P]auline Tinsley's lack in this [re]spect is as central to the whole [as], on the positive side, her [u]nflagging strength of voice and [he]r physical characterisation of [th]e title-role.

Blood first confronts the audi[en]ce on the drop curtain in the [re]d letters of Elektra's name. [Th]e maids—the first characters [to] appear—wear blood-spattered [ap]rons, their daily routine the [cl]earing-up of the remains of [hu]man and animal slaughter. A [vi]ctim is stabbed to death just [be]fore Klytemnestra's entrance. [C]ontrary to advance publicity, [it] is an anonymous victim and [no]t the Fifth Maid, a vocal [ch]aracter for whose death the [co]mposer would have made [m]usical provision.) Almost the [e]vening's final sight is of [O]restes emerging from the [p]lace after slaying his mother [an]d her paramour: not only his [ha]nds but his arms are bloody [as] he raises them in ritual [sa]lutation.

The blood, the decaying statue [of] Agamemnon (towering 22 feet [hi]gh at the front of the stage), the masks or painted deformations on the characters' faces—all these seem to me entirely consistent with the musical drama. Even Elektra's tender sister, Chrysothemis (Anne Evans), wears such a deformation, since she assents to the corruption round her. The face of Elektra, who preserves her humanity, is untouched. The drama is heightened by being played in an expanded stage space, stretching back to the theatre's whitewashed brick wall and upwards to include the narrow walk-way above the normal level of lights.

Harry Kupfer, the East German producer, and his designer Wilfried Werz have done for *Elektra* what ought to be done. (There is nothing so gratuitous as happens in the English National Opera production of *Salome*—Salome's death supposedly from self-induced orgasm instead of from Herod's soldiers.) Mr. Kupfer has further coached Pauline Tinsley to a remarkable visual portrayal which combines fierce determination with a submissive piety—as when she fails to embrace the feet of the statue. Elektra's end is seen socially, avoiding that galumphing solo "waltz of death" which so often brings an unintended banality or even comedy to the opera's final moments.

Anne Evans makes an appealing Chrysothemis of sweet yet strong voice, and Willard White (the Jamaican bass-baritone best known for Maazel's recording of *Porgy and Bess*) has a voice and manner absolutely apt for Orestes. Debria Brown sings Klytemnestra in a very individual, husky voice sadly short of the attack which (in such passages as the first address to Elektra) has proved so dramatic in interpretations such as Regina Resnik's. John Mitchinson walks on as Aegisthus as if he were asking when the next bus goes. The large supporting cast, with many familiar Welsh National Opera names, performs with exceptional resource under Richard Armstrong's baton.

Although Strauss's reduced orchestration was used, it was Mr. Armstrong's remarkable achievement to keep the volume sufficiently low for the voices to be clearly heard. (From mid-stalls, anyway.) The orchestral sound itself was of impressively high standard. But my guess is that, with Mr. Armstrong insisting on correct notes and Mr. Kupfer underlining gesture and movement, no one nagged at the singers about their diction—perhaps not even Anthony Hose of the company's music staff, whose new and generally admirable translation was used. I doubt if Miss Tinsley herself realises that her pronunciation of "true" and "man," for instance, can get quite distorted under musical pressure. Willard White's diction was excellent; hardly anyone else's. By the time the opera is toured to Birmingham, Bristol and Oxford an enormous improvement in this respect is needed if the point of opera-in-English is not to be entirely lost.

[S]t. John's, Smith Square

Falla-Berio by RONALD CRICHTON

As originally announced, the [Falla-B]erio concert given on Wednes[da]y by the Orchestra of St. [Jo]hn's under John Lubbock con[sis]ted of known works including [La]*borintus II*, *Folk Songs* and [*Cr*]*ies of London*. Later adver[tis]ements added, mysteriously, ["]Falla songs"—had Berio been [te]mpted by the presence of [Sw]ingle II to arrange the *Seven* [*Sp*]*anish Folksongs* for them, and [co]uldn't even these singers with [th]eir wide repertory of noises [ba]ulk at counterfeiting Falla's [fa]stidious piano writing?

Nothing of the sort. What [Be]rio has made is a straight [or]chestration of the songs for [Ca]thy Berberian, who, being ill, [wa]s replaced for this world pre[m]iere by the ever-stylish Sarah [W]alker. He has used the same [or]chestra as Falla did for *El* [*A*]*mor brujo*, minus the piano [wh]ich the Spanish master em[pl]oyed in that score (and in [ot]hers) with masterly restraint [an]d skill. Just why Miss [Be]rberian wanted the superbly [su]ggestive and satisfying piano [pa]rts orchestrated (the existing [ve]rsion by Ernesto Halffter has[n']t made much headway) is [an]other question. But Berio, in [a] different way almost as fas[tid]ious a writer as Falla, has [br]ought them with imagination, [sy]mpathy and total respect.

Score and recording are badly [n]eeded. Such a meeting of [di]stinguished and individual [mu]sical minds is worth study[in]g. At a first hearing some [typ]ically Spanish figuration left by Falla in black and white came out suddenly in bright hues. In the beautiful "Asturiana" Berio has seized on the lamenting countermelody that crosses and recrosses the broken octave figure, but he colours it quite differently to Felix Lavilla in his masterly playing at Berganza's recital the other night. Berio's scoring interestingly underlines how much of Falla's later style was already there in embryo in the "Andalusian" period.

Sarah Walker can supply the dark colour and the rasp that are in place in this music but are not what matters most—for the slower songs a good legato is essential. On Wednesday Miss Walker, at the end of a taxing evening for which there cannot have been an ideal amount of time for preparation, was showing signs of tiring on sustained notes. The final, savage "Ay!" in the "Polo" was inaudible. This was forgivable—in what I heard of the Berio *Folk Songs* earlier she had made a brilliant foray into Berberian territory. In *Street Cries* Swingle II were equally brilliant on their own ground.

Elizabeth Hall

Perahia by DOMINIC GILL

The best of Murray Perahia's Mozart concerto performances with the English Chamber Orchestra, live and on disc, have been memorable for their freshness and buoyancy, their fine shading and suppleness of texture, and above all for their insistent rhythmic energy. There were all of these qualities in evidence at his concert with the ECO on Wednesday evening: and only one vital ingredient missing, an indefinable catalyst which makes something precious of a performance that otherwise may be no more than very good—gilt to gold.

There were fine things in both of Perahia's performances of the two Mozart piano concertos K414 and K595—but little of radiance. On this evening, the manner was oddly unstable, a little manic, tending to extremes — and frequently cut, in dynamics above mezzo-forte, with a most uncharacteristic hammered impulse; a fast, jabbing key-descent that forced through, and frequently soured, the tone. The quiet music was, as ever, impeccably turned: sweet pathos, pearly clarity of line. But there was an unrest in the playing which blurred its focus: aggression in place of fire, and even, in the last movement of K595, a sense of haste in place of unrelenting speed.

I pay Perahia the compliment of judging him by his own highest standards: a good and eminently enjoyable concert, but one without alchemy, not of his best. There had been, not a cloud, but a light haze over the evening from the start, with a performance of Haydn's F minor symphony No. 49 directed from the first desk by the ECO's leader José-Luis Garcia that never actually put a foot wrong, but just failed, in the most capable and genial fashion, to take wing.

FINANCIAL TIMES
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Telex: Editorial 886341/2, 883897 Advertisements: 885033 Telegrams: Finantimo, London PS4
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For Share Index and business News Summary in London, Birmingham, Liverpool and Manchester, Tel: 246 8026.

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Cinema

Out of this world by NIGEL ANDREWS

Close Encounters of the Third Kind (A)	Odeon Leicester Square
1900 (X)	Part 1 opening at Classic 1, Oxford Street, on March 23; Part 2 at Classic 4 on March 30
Adoption	ICA
The Experiencer	ICA

"Je ne sais pas, mais c'est beau" says the character played by Francois Truffaut when asked what is going on in the last sequence of *Close Encounters of the Third Kind*. My sentiments exactly. The intricacies of the plot were inclined to escape me, but the images of Steven Spielberg's new film are resplendent and unforgettable. Flying saucers have been out of fashion in Hollywood movies during the past 20 years, and most filmgoers, when they think of UFOs, probably visualise those quaint, cardboardy contraptions from which emerged in the 1950s the *Invaders from Mars* or *The Thing from Another World*. But movie special effects have undergone two decades of evolution since then, and Spielberg's UFOs come out of the sky shiny and new and brimful of psychedelic wonders. The film is an extraordinary one-man achievement. Spielberg not only wrote and directed it, he advised on the trick photography and he created many of the special effects himself. They are the best seen in movies since *2001*.

But back to the plot. François Truffaut plays a French scientist investigating a sudden rash of messages being beamed to the Earth from outer space. We first discover him in Mexico, where he and his crew are puzzled by the sudden appearance in the desert of a fleet of World War Two aeroplanes: pilot-less but tanked up and fully operational. Have they been planted there by alien beings as an invitation to contact, or as some clue to a coming epiphany? Truffaut pursues his enquiries to India, where he receives the message "It is come" from a group of Hindu peasants on a hillside. "From where?" asks Truffaut. A forest of hands point to the sky.

Back in America, UFO sightings are coinciding with sudden, widespread electrical blackouts. Indiana power worker Richard Dreyfuss is sent out one night to investigate a possible trouble source. He loses his way on a lonely road, and moments later finds his car surrounded by blinding lights and the whir of machinery. A UFO is hovering over him carrying out a surveillance. . . .

For those fearing that I am about to divulge more of the story than they wish to know, I shall end my plot summary here. The cliffhanging elements of *Close Encounters* should be kept intact, and the delight of Spielberg's story is in the way each "chapter" leads you on through the familiar terrain of the Invaders-from-Space movie until the director suddenly switches the signposts around and points the story in a different direction. The climax is a parade of visual wonders impossible not to marvel at, and also an ingenious tying up of most (though not all) of the film's loose ends.

But the pleasure of the movie is that although it looks its cost in the solidity of the hardware and the splendour of the special effects (dark skies writhing with apocalyptic storm-clouds, light pouring like molten silver from the opening hatch of a spaceship), in style it is lightfooted and witty and satirical. The country road from which many of the film's early UFO sightings are made is a studio mock-up 1950s-style: eerie, two-dimensional, dream-like. The mothership of the UFOs, by contrast, is a vast pachyderm of a machine, baroque and hilarious, a sort of unidentified Flying Hilton. And the best sly joke of all is the visual gag with which Spielberg stages Dreyfuss's first encounter with a UFO. Dreyfuss sees two lights shining through the rear window of his van. He signals them to pass, thinking they belong to another car: but slowly the lights rise up into the air . . .

*

Bernardo Bertolucci's *1900* was unveiled at Cannes two years ago and proved the anti-climax of the festival. It reached the London Film Festival last November, after long delay, and now it opens in the West End. You must go and make up your own minds whether Bertolucci's *magnum opus* about the growth of socialism in Italy, as portrayed through the lives of two young men (a peasant and a landowner) both born on the same farm on the same day in 1900, is the masterpiece that its cost, its length and its ambitions would have you believe, or merely a piece of mellifluous barnstorming—the cinema's answer to grand opera or Victorian melodrama?

To my mind, the latter. "Verdi is dead" cries a peasant running through the nocturnal countryside in an early scene, and for much of the ensuing film Bertolucci seems concerned with reverencing or resurrecting the shade of Italian opera's greatest genius. He sprinkles the soundtrack with Verdi themes, he has the characters singing snatches of Verdi arias and he even gives us a hunchback servant called Rigoletto.

Verdi was the most beloved and the most nationalistic of Italy's artists, and I suspect that Bertolucci has the same all-conquering passion for his country and the same tendency to regard its (supposed) enemies as black-hearted villains and its (supposed) friends as whiter-than-white heroes. The first is represented here by Donald Sutherland, farm foreman turned Fascist black-shirt, the second by Gerard Depardieu, peasant leader and proto-Communist. Between the two stands Robert De Niro as the young landowner (born on the same day as Depardieu) on whose farm these polar enemies live, and who never quite makes up his mind to which he should pledge his support.

The film begins with the birth of the characters later played full-grown by De Niro and Depardieu, and with the respective grandfatherly joys of landowner Burt Lancaster and peasant worker Sterling Hayden. Already, even under the shimmering *fin-de-siecle* sun of 1900, the farm-hands are restless. They will not drink the champagne Lancaster offers them as a toast to his grandchild. For what is the child to them but the *padrone* of the future? The years pass; the kindly Lancaster dies; his son, a moustachioed martinet (Romolo Valli), alienates the workers still further; the fascistic Sutherland is hired as foreman; then De Niro inherits the farm on *his* father's death, and finds himself caught in the crossfire of a nationwide civil conflict, writ small on his own estate, between the proletariat and the Fascists.

So, after a 75-minute prologue, the main body of the film begins. Bertolucci has cut over an hour from the version seen at Cannes, so that the present running length is a "mere" four hours. It is an indication of how much spare there must have been in the original that I cannot remember a single lost scene. The main bones of the plot are preserved here—De Niro's marriage to giddy socialite Dominique Sanda, Depardieu's affair with schoolmarm and socialist Stefania Sandrelli, the series of atrocities committed by Sutherland (from sodomising and killing a young boy to impaling a landowner's widow on her own railings) in the hope of "framing" the Communists—and so is most of the flesh. The story is wrapped in sumptuous photography (by Vittorio Storaro), lush music (by Ennio Morricone) and picturesque, sun-warmed settings.

The film has bones and flesh. It even has, in its sentimental-patriotic way, a heart. What it does not have is a mind. By so exaggeratedly polarising the antithesis between Fascism and Communism, Bertolucci produces a film with all the political subtlety of a Christmas pantomime. The audience is required all but to hiss whenever Sutherland snarls his way on to the screen, and all but to swoon whenever Depardieu (complete in one scene with white charger and damsel-in-distress) comes to the rescue of any downtrodden minority. De Niro gives by far the most telling performance in by far the most complex and equivocal part. But even he can do nothing with the madcap-'20s scenes he is required to enjoy with Dominique Sanda — a Zelda Fitzgerald of the Po Valley — or the precipitous decline of the film's last half-hour into a flag-waving paean to Communism. The film is like *Gone With The Wind* with Marxist pretensions; a rude hunk of melodrama gift-wrapped in Radical Kitsch.

*

A brief recommendation for two films to be seen next week at the ICA. Marta Meszaros's *Adoption* is a tender, beautifully-acted Hungarian film about the friendship between a middle-aged widow and the young girl from a remand home whom she wants to adopt. The cinema has given us no finer study of the contrasting attitudes to love—the contrasting hopes, fears and ideals—held by different generations.

Also showing at the ICA, for one evening only next Wednesday, is Michael Kohler's complex but spectacularly-filmed journey of the mind *The Experiencer*, which I wrote about when it appeared at the London Film Festival. The film will be followed by a discussion with the director, in which the chair will be taken by your humble film critic.

Book Reviews are on Page 11


A scene from '1900'

Sadler's Wells Theatre

Episode I by CLEMENT CRISP

Of the two pieces new to London which were featured in the earlier half of the week by Ballet Rambert, one—*Sleeping Birds*—gabbles tirelessly and to no avail: the other—*Episode I*—is succinct, an epigrammatic duet which makes its point without fuss. It is the creation of Jaap Flier, several of whose works we have seen with Nederlands Dans Theater.

It was danced on Wednesday night by Lucy Burge and Zoltan Imre, both artists of strong presence, and they found exactly the right manner for its stillness, its carefully calculated understatement. Each gesture, each pose in this contemplative view of a relationship was made to count. Nothing was wasted—Flier's choreography several times seemed to turn in on itself, or to repeat an incident from a different aspect. And for no other reason than the intensity of the playing, and the careful sustaining of mood, my attention was gripped. The eponymous score, by Alan Posselt, fades in and out. Slowly, slowly, Nadine Baylis's set of three pendant drops (white, beige, pale green) alters position. And *Episode I* makes sense.

I cannot pay the same compliment to Sara Sugihara's *Sleeping Birds*, which finds some members of the Rambert troupe standing on one leg like somnolent storks, while their colleagues scamper and dash, maddened by the lyricism of the whole enterprise. It is a work whose logic escaped me entirely. Much energy is expanded by the dancers, in a style that looks coarse and unpolished; sections of the Brahms's horn trio are slammed together as a sound-track, and less than well played. There is a good deal of ecstatic leaping and rushing, an activity which always makes me suspect that the dancers are trying to hide something: and in this case it is the vapidity of the entire piece.

Fortunately the programme also included a revival of Norman Morrice's *Smiling Immortal*. As in certain of his recent works—*Isolde*, *The Sea Whispered Me*—I find the deeply personal imagery Morrice adopts is no help to comprehension of a theme. But this hermetic quality is far outweighed by the imaginative intensity of Morrice's choreography. There is something very gripping in this view of an archaic world, of the hero-victim returning to the shrine of the implacable goddess. The myth exists both as narrative and as parable, and the acuteness of Morrice's vision, the strength of Jonathan Harvey's score and of John MacFarlane's set, all combine in a timeless view of *Vénus toute entière à sa proie attachée*. The piece is reverberant, haunting: it is well danced by its cast: it is Ballet Rambert doing what it does best—stimulating its audience.

ICA Theatre

Withdrawal Symptoms by MICHAEL COVENEY

The only question raised by C. P. Taylor in his new play about well-heeled Carol thrashing her way clear of a heroin clinic is, I am afraid, "So what?" Struggling to emerge from a text that has five lines of flab for every one of value or information is a point about a middle-class junkie placing her immediate problem against a background of ancestral colonial exploitation. But the juxtaposition of private angst and inherited guilt never fires on a dramatic cylinder comparable to that in a piece such as David Hare's *Knuckle*.

The problem is that Carol's view of her own dilemma is never explored in vivid terms, merely mulled over in a structure that is tediously bound to a therapy session occupied by herself and a couple of comical do-gooders. In the end, she escapes to a rural retreat with Peter, a soul-brother from the academic life who is as likely to cultivate her disturbed consciousness about starvation in Biafra as destroy it. All that characterises Carol is a furious way with four-letter words, whereas what we really want to hear about is how she utilises those responses to useless imperial genes inside of her.

Roland Rees's production for the touring company, Foco Novo, is slick, hard and reasonably fast, but it never manages to conceal the fatal flaw in a play that prods around a potentially interesting topic. As Carol, Mary Maddox resorts to running her right hand through a mass of curly locks when all else (as it inevitably does) grinds to a halt. In the final scene she nearly went on about "the falling of feeling" instead of "the feeling of falling" and, to be truthful, either line would have served. It was that kind of silly, liberal, navel-contemplating evening. There is nice incidental work from Anthony Milner as a slim, walking clip-board in the clinic, and from Anne Godley as a mother figure to whom sex is more important than anyone else supposes.

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Rising more slowly

THE ELIGIBLE liabilities of the banking system are commonly used as an advance indicator of the latest movement in the money supply, especially when the markets suspect that it is rising too fast. But the indication may be misleading. The figure published ten days ago, in particular, was expected to be artificially swollen by the fact that the banks were reshuffling their liabilities in such a way as to give themselves a higher starting-base, were the authorities to reimpose the "corset" on the growth of their deposits.

But the rise in eligible liabilities turned out to be markedly smaller than in the previous month, when the money supply had risen uncomfortably fast. If window-dressing by the banks had taken place, therefore—that now turns out to be the case—the rise in the money supply was likely to be much more moderate and reassuring. And it is. Although the cumulative rise in sterling M3 over the first ten months of the financial year is an annual rate of 14½ per cent., still outside the official target range of 9-13 per cent., the rise on the month has dropped from 2.3 to just over 1 per cent. The latest rise in M1, the narrower measure of the money supply, is also back to just over 1 per cent.

Alternatives

There has been an increasing amount of discussion recently about the adequacy of M3 as a measure and about the desirability of putting more emphasis on M1 or even introducing a completely new measure. The Governor of the Bank touched on this subject at some length in his Mais lecture. He admitted that M1 and M3 had followed quite different paths over the past few years, that M3 was liable to be disturbed by factors quite independent of action by the monetary authorities, and that the relationship between M1 and the movement of income and interest rates has been much closer and more stable over the past 15 years than that of M3.

On the other hand, he suspected that the M1-incomes relationship might not have been so stable if the authorities had concentrated their attention on controlling this measure of the money supply. He was against producing a fresh M2 series, mainly because it would impose a still greater statistical burden on the banking system. And he argued that M3 had certain statistical and analytical advantages which made it the most suitable for fixing targets of short-term monetary growth. That is not to say, of course, that other measures may not be better for other purposes or that monetary policy should not take some account of all the factors involved. M1, for instance, has risen very rapidly this financial year.

New target

But the rapid growth of M1, according to the Bank's latest *Bulletin*, was largely due to the fall in interest rates earlier in the year and should decelerate sharply as the greater stability of rates makes itself felt. The slower rise in the latest banking month may be the first sign of this. As for M3, although the rise for the financial year as a whole may exceed the guidelines laid down 12 months before—largely because of monetary inflows from abroad—the monthly rate of increase is now back on target.

It seems unlikely, therefore, that the Government will go all out to bring the total rise in M3 for the year down to 13 per cent., if this involves pressing stock on an unwilling market and producing a sharp rise in interest rates. It would need to do this only if the genuineness of its commitment to monetary restraint were in doubt—and, though there may sometimes be questions asked about its way of carrying out this commitment, and though Mr. Healey may be less of a monetarist than some of his Tory opponents, the markets will probably be satisfied with the fact that growth is now around the target rate. The next practical question will be the size of the new target to be announced in the Budget speech—and how greater flexibility is to be operated in practice.

Compensating for accidents

IN BRITAIN, as in other countries, social security provisions have been progressively replacing common law actions for tort and private provision, such as accident insurance and charitable funds, as the primary source of compensation for personal injury or death sustained as the result of an accident. The move away from tort towards some form of "no-fault" provision began with work-place injuries in Bismark's Germany and has since spread to motor vehicle, medical and a variety of other accidents or diseases, including those caused by defective products and antenatal injury.

In this country, the two systems have been developing in almost total isolation from each other, with little regard for their relative strengths and deficiencies. State benefits have yet to be extended to all forms of disability, the complexities and inconsistencies of the system make it difficult to comprehend, and the level of benefits inadequately compensates for loss of earnings, while the tort system, particularly in its application to road accidents, is costly, cumbersome, prone to delay, and capricious in its operation.

Worth while

The Pearson Commission on civil liability and compensation for personal injury was set up just over five years ago in the aftermath of the thalidomide tragedy and the Robens report on safety and health at work (which had been critical of the effect of employee-employer tort litigation on industrial safety). The time the commission has been taken appears to have been well worth while. In spite of the limitations of its terms of reference—which excluded it from considering, among other matters, accidents in the home—it has produced an exceedingly thorough and clearly written analysis of the many complex issues involved as well as a useful detailed account of the differing systems adopted elsewhere.

The thrust of its recommendations is unlikely to please those who favour a rapid move towards a comprehensive state system of accident compensation. The commission was itself riven by three schools of opinion which, though a substantial measure of agreement was reached on the main issues, is reflected in the number of reservations on particular points. But its report, which comes in three lengthy volumes, should help to stimulate and inform a wider measure of public debate than the subject has hitherto aroused.

The need for debate is graphically brought out by some of the statistics the commission compiled showing the many gaps and overlaps in the present dual approach. Of the 3m. personal injuries sustained each year, almost half are not compensated at all, including over 90 per cent. of the 1.3m suffered by the non-working population. Of those receiving some form of compensation, more than half receive payments from more than one source while 2 per cent. receive money from four or more sources—typically occupational sick pay, social security benefits, private insurance, and a tort award.

Balance

Those who want to see the tort system wither away do so because is discriminates between the injured according to the causation of their accident. However, as the commission observes, the right to sue must be retained so long as state provision fails to cover all forms of disability and the level of benefits are insufficient to compensate for full loss of earnings. To deal with the most urgent problems, it suggests a no-fault scheme for motor vehicle injuries, a new benefit for severely handicapped children, improvements in the existing no-fault provision for work-place injuries, and improvements in the operation of the tort system.

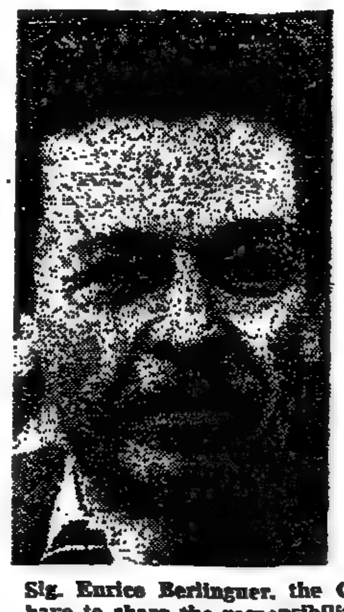
Even those relatively limited reforms involve many knotty questions—should the financing of road and work accident compensation be shared equally by road users and employers or according to the spread of risks, and how should tort awards be inflation-proofed. But the effect would be to shift the emphasis further away from tort towards social security and provide a better balance in the overall distribution of compensation for a relatively small net increase in cost.

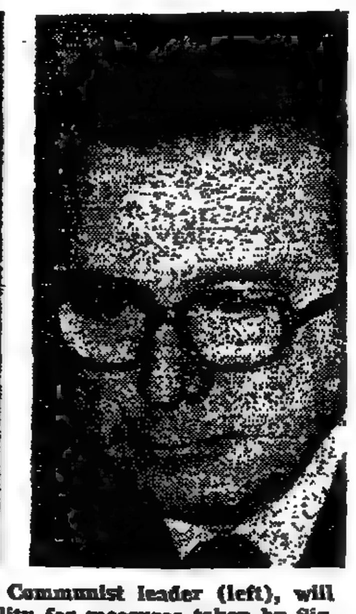
Viewed from abroad deteriorating law and order and the advance of the Communists suggest total breakdown. For all the popular dismay that is not how it is viewed in Italy.

A declaration of war against the State

By DOMINICK J. COYLE and PAUL BETTS in Rome: March 16

A SHOCKING consensus has come about at last in Italy between politicians and terrorists. "We have struck at the very heart of the State .... we will strike again," said a blunt statement to-day on behalf of the "Red Brigades" claiming responsibility for this morning's dramatic kidnapping of Sig. Aldo Moro, five times Italian Prime Minister and currently president of the country's long-ruling Christian Democrat (DC) Party. Sig. Moro's contemporary, Sig. Ugo la Malfa, the veteran Republican Party leader, had this response: "We are now in a state of war .... without doubt they want to destroy the very foundations of our democratic State."





Sig. Enrico Berlinguer, the Communist leader (left), will have to share the responsibility for measures taken by Sig. Mario Andreotti, the Prime Minister, against the terrorists.

In part that was an emotional response on behalf of an old personal friend and political opponent, but it is none the less true for all that. More controversial, certainly, is the implication in Sig. la Malfa's further comment, to the effect that Parliament must now authorise the use of "every measure necessary" to defeat terrorism. Parliament itself must surely face this very issue within a matter of days.

The Moro kidnapping is, of course, sensational, and raises immediately very serious questions about the quality of security assigned to leading political figures in Italy, yet it is only the latest in a long series of politically-motivated incidents of violence, designed to undermine democracy in Italy. In that sense, the state of war is already clearly established. Only the political status of the latest victim seems to mark out the event from the all too ordinary happenings of the recent past.

What is at issue is the ability of the State to protect its own institutions, not least the workings of the judicial system, to ensure that the writ of Government and the will of Parliament can be enforced. The kidnapping of Sig. Moro is related, almost certainly, to the celebrated trial in the northern city of Turin of some 49 activists of the Red Brigade, including one of its top leaders, Sig. Renato Curcio. This trial has been punctuated by a series of killings — first of the Genoa Procurator-General, next of the head of the Turin lawyers' association, and last week of a police officer associated with the original investigation — and the direct intimidation of actual and potential jurors and a number of trial postponements.

Put crudely, the State and the judicial system have yet to demonstrate effectively that they can actually carry through this important trial. Sig. Curcio and the other accused have insisted publicly that they cannot and will not. To-day's kidnapping, no doubt, is intended to underline further this open defiance of authority.

The extent of this defiance is now only too clear. The "ransom" for Sig. Moro is the release within the next 48 hours of all the Turin accused, by itself posing a major dilemma for the new minority Government of Sig. Giulib Andrtotti. Yet the more fundamental issue facing all the democratic forces in Italy is surely whether they must not now, albeit belatedly, come together to try to re-establish the rule of law and the orderly working of the institutions of the State.

It is not merely that the Moro kidnapping as such makes this essential, given that it represents the first assault directly on Parliament and the party political system—truly, as the Red Brigade's statement claims, an attack at the very heart of the State—but because the Italian political situation itself has shifted significantly with the formation this week of the fourth Andreotti Government. It is an administration which, at least notionally, should command the kind of national consensus not seen in Italy for many a year.

The Italian Communist Party (PCI), which now commands more than one in three of the popular vote, has, after a protracted political crisis, been accepted formally into the parliamentary majority by the Christian Democrats for the first time in some 30 years. It has always, or at least consistently in recent years, been the claim of the Communists that no real national consensus was possible, whether for economic measures, social changes or more effective law and order provisions, without the PCI's participation in the governing process.

The PCI has certainly stopped short of claiming that its exclusion was of itself an incentive to break the law. But the clear inference has been that the association of its 12m. voters (in the last general election) with the process of government would result inevitably in the better working of the whole administrative system. The PCI's inclusion in the new parliamentary majority is far short of the party's original demand for a direct participation in the cabinet, but the party's leader, Sig. Enrico Berlinguer, has hailed it as a step forward which carries with it increased responsibilities. The party spokesman on internal security matters, Sig. Ugo Spagnoli, replied to-day to news of the kidnapping of Sig. Moro with the curt phrase: "It is a declaration of war against the State."

Since the Communists are now committed to supporting the Andreotti Government with their votes in Parliament, the party will, for the first time, be obliged to share responsibility directly for whatever new measures are considered necessary to tackle the crisis situation in which political terrorists challenge with seeming impunity the basic institutions of the State. Until now, there has been no lack of party political demands—from all parts of the political spectrum—for better measures to protect law and order. Yet the feeling has persisted that some parties, and principally the Communists and the Socialists, were putting a price on their backing. The inference was that their wholehearted support for new measures would be traded off against political gains, including Christian Democratic acceptance of an enlarged parliamentary majority, if not quite a grand emergency coalition cabinet.

This has been especially evident in the Socialist-Communist demands that the police should be free to join trade unions affiliated directly to the main confederations, the largest of which, CGIL, is associated directly with the PCI. The Christian Democrats refused, and the Communists have now accepted a watered-down compromise formula for the police as part of the overall agreement associating the party with the Andreotti Government.

But if this new though limited "national consensus" is finally to allow a wide parliamentary endorsement for whatever new security measures are considered necessary, it is by no means clear that the authorities themselves know the precise motives of the various para-military groups, or have succeeded in identifying the controlling hands behind many of these movements. This is so despite the fact that Italy has something of a proliferation of law and order agencies, including local police, the nationally-organised Carabinieri, the Special Security Force, and various anti-terrorism squads.

Police on the scene after Sig. Aldo Moro's kidnap yesterday. In the foreground is Sig. Moro's briefcase and a cap dropped by one of the kidnappers.

The political Right has from time to time hinted ominously of the alleged involvement in violence by forces to the left of the Communist Party, while many of the political Left point to para-military forces associated with the neo-Fascists. Others at the centre of the political spectrum, point to a number of previous incidents in Italy, since the now infamous Piazza Fontana bombing in Milan in 1969 (the start of the last period of so-called "strategy of tension" to undermine the country's democratic order), and still speculate whether some components of the security forces, acting unilaterally, are not themselves behind some of these incidents.

This general climate of suspicion and counter-suspicion, fuelled to a degree by the political stability of recent years, has in a real sense contributed to an undermining of popular backing for the authority of the State—a national mood in which various extremist factions, whatever their ultimate political objectives and whatever their origins have had a "fertile" ground for their operations. (Inevitably, perhaps, the Red Brigades have been associated with the Baader-Meinhof terrorists in West Germany although no concrete links have been established officially.)

But ironically, the inclusion now of the Communist Party in the governing process could, of itself, result in a further escalation of politically-inspired violence. There is the risk, at least, of a vacuum on the extreme Left being filled by extra-parliamentary forces, bent on bringing down the whole democratic system. They could attract those elements on the extreme of the PCI, and others who have already quit the party, utterly disillusioned by the Communist leadership's association with the despised Christian Democrats—people who believe increasingly that the PCI has lost its revolutionary spirit. Similarly, the closer the Communists come to the centre of real power in Italy, the more extreme the likely response of forces associated with the far Right.

Viewed from abroad, and in particular by the Carter Administration in Washington, the deteriorating law and order situation in Italy and the advance of the Communists towards the governing process may combine to suggest that Italy is on the verge of a total breakdown. It then takes little imagination to think that the Communists are poised to pick up the pieces and, perhaps then, to introduce the kind of authoritarian rule measures associated with the Eastern Bloc. For all the popular dismay over to-day's sensational kidnapping, against which the three main union confederations called an immediate general strike ending at midnight, and for all the very real concern of all leading Italian political figures—not merely for their personal safety—this is not quite the way in which the situation is being evaluated within Italy itself. Concern yes; and a growing political consensus that finally new security measures are necessary. But deep down there is no real fear that the challenge cannot be met. The question is, will it?

MEN AND MATTERS

Taking the Roffe with the smooth

The Hoffmann-La Roche directors—scarcely a flamboyant body of men—may well be wondering how they can live up to a new image being imposed on the pharmaceutical industry by one Sidney Sheldon. His latest novel, currently top of the U.S. bestseller lists and due out here on Monday, is about a "multi-billion dollar drugs corporation" called Roffe with headquarters in Zurich (not far, after all, from the Roche HQ in Basle).

The similarities go further: Roffe met disaster in Chile, where a factory explodes spreading poison over a whole district, which has to be evacuated—echoes of the Seveso calamity in Italy. The fictional pharmaceutical giant also has some painful lawsuits, which might recall Roche's difficulties with tranquillisers. But the Basle bosses, unless we much misjudge them, can scarcely be leading sex lives like those of Sheldon's imaginary titans.

When I met Sheldon yesterday in a Park Lane milieu of the kind inhabited by his characters, he told me the Roche-Roffe similarity was sheer coincidence. But he had been to Basle, as well as several other pharmaceutical centres, in pursuit of authentic background. He says he also read 60 books on pharmaceuticals. Quite soon, his thriller—called Bloodline—will be projected into a new medium: Sheldon hopes the film version will be adorned by Sir Laurence Oliver as a Tory MP (and Roffe director) who frequents White's and is being heavily blackmailed.

Since the 61-year-old Sheldon has spent all his life in the film industry, directing as well as writing, he clearly feels quite at home amid the marketing razzmatazz surrounding his new literary product. When I likened his writing to that of Harold Robbins he did not take it as unfriendly; and when I said a central figure, a self-made Welshman, seemed rather unconvincing, Sheldon just replied, "Oh, I based him on a good friend of mine, Cary Grant."

"Now the three R's seem to stand for Rioting, Wrecking and Argument!"

Royal promotion

As the Prince of Wales ended his 8-day visit to Brazil, tripping into the country came another royal scion, the Saudi Prince Abdullah Al Saud, grandson of King Faisal. The two approached the problem of trade promotion with a few differences in style. Prince Charles, with his interest in polo and samba dancing, seemed to warm a few hearts and cement the links developing since Brazil's President, General Geisel, was a controversial guest at Buckingham Palace two years ago. But he had some stiff words for the British Chamber of Commerce in Sao Paulo about hearing "complaints that not enough work is being done by British concerns to find out about conditions in Brazil for themselves and to learn about the country's chief requirements."

Prince Abdullah was more thrusting. His country had $150m. to invest, he said, and why should Brazil not receive 10 per cent. of this? It has 100 years' reserves of oil compared with Iran's 10 years' reserves, he then claimed. And he then urged the Brazilians to use their experience from building Brasilia in Saudi Arabia. He even asked for Brazilian soccer equipment and know how. The Brazilians were delighted. Prince Charles, I hear, was impressed.

Sponsoring angel

Perhaps it is appropriate that a new type of insurance for our modern god, the computer, should be launched in a church. Anyway, that is what will be happening in ten days' time at St. John's, Smith Square, when Alwyn Farey-Jones announces the formation of a new computer insurance division. He claims he has a new method of fitting insurance cover in with the service and warranty offered by computer manufacturers. He says there had been lots of gaps in this field and computer owners were liable to find they were uncovered.

Would he also be offering cover against losses caused by fraudulent programming? "It had not crossed my mind. It seems a god idea for the future."

It is through sponsoring a concert that Farey-Jones hopes to launch his new scheme. Playing will be the Young Musicians Symphony Orchestra, made up of talented but struggling musicians in their last year at music college or first year in the market. There is no State help for the orchestra, but the hope is that other firms may sponsor later concerts. His insurance broking apart, there are personal reasons why Farey-Jones rushed in as an angel where others had feared to tread. He is a trustee of the YMSO and used to be a music student himself. But he gave up on leaving the Royal College of Music. "I kept on failing my exams. I just was not any good."

Vets do fly

There are some red faces in the Bluegrass State. Kentucky, the centre of America's million-dollar bloodstock industry, has suddenly been obliged to stop much of its horse breeding. Each year one-sixth of the country's thoroughbred foals are born in Kentucky's stud farms; but now an outbreak of contagious *metritis* (an equine veneral disease), has led to a ban on the transport of horses, the quarantining of 33 mares and an urgent Trans-Atlantic trip by two British vets.

Last autumn the U.S. Jockey Club, fearing that a metritis outbreak could spread from Europe, imposed a ban on equine imports. Now under suspicion are three stallions flown in from France just before the ban by the Texas oil millionaire, Nelson Bunker Hunt, a racehorse enthusiast.

One of these three was last year's Epsom Derby winner, called, suitably enough, Blushing Groom. He has been syndicated for $6.4m. while Caro—one of France's leading sires—has been syndicated for $4.6m.

The British vets, David Powell and Donald Simpson, were summoned by the American Jockey Club for their expertise in this field. Perhaps TV viewers will soon be seeing James Herriot hastening to Kentucky, too.

Observer

POLITICS TO-DAY

The £2bn. Lib-Lab gap

THE LIBERALS are staking their all on the Budget. If there is no agreement between them and the Government by April 11—Budget Day—there might well be a general election before the summer after all.

Some Liberals, including Mr. David Steel, the Party leader, do not quite believe that. They agree that the primary objective must be to achieve a Budget with a Liberal impact. But they think that if that is not possible, it is not necessarily the end of the Lib-Lab Pact. The Liberals could simply vote for or against amendments to the Finance Bill, according to their merits, and the Government could survive until the summer recess when the Pact in any case is due to expire.

Such a view overlooks two facts. The first is that for the Government to be defeated night after night on the Finance Bill would be a quite different matter from suffering the reverses which it did on (say) the Scotland Bill. The defeats would be on issues much more tangible, immediate and important. They would question fundamentally the Government's ability to govern.

The second fact is that the Liberals in Parliament have given their backing to Mr. John Pardoe, the Party's economic spokesman. Mr. Pardoe is responsible for the Budget negotiations, and he is going for a very big deal. He is also aware that if the negotiations break down, the Government will find it difficult to survive. There may be an element of bluff here, and there is certainly some room for compromise, but at the moment the deal is not in sight.

Liberal demands fall into three main categories: more help for small businesses, profit sharing and changes in taxation. The small businesses item can be quickly ticked off. The Liberals may not quite get everything they want down to the appointment of a Cabinet Minister whose job would be to see that the local authorities do not discriminate against the small firm. But in general they are pushing on an open door. Almost everybody is in favour of helping small businesses nowadays, if only because they might alleviate unemployment. It is no longer a distinctively Liberal policy.

Profit sharing is a bit different. Basically, the Liberals can have it—but only if they reach agreement with Mr. Healey on the rest of the Budget strategy. If there is no such agreement, it appears as of now that the Government is not prepared to go ahead with profit sharing on its own.

Popular

There are some curious politics here. A series of opinion polls undertaken by MORI in recent months has shown profit sharing to be consistently popular among Labour as well as Liberal and Tory voters. (It is, of course, an attractive-sounding term and it is hard to imagine a majority coming down against it.) Yet the Government has only consented to it as the price of securing Liberal support. The Left on the whole is still opposed to it on the grounds that the methods now being talked about would do nothing to produce a redistribution of wealth nor to foster industrial democracy. But the TUC at least is willing to keep quiet if what looks like a modest dose of profit sharing is necessary to keep the Government in office.

The Liberals are thus going for Method III in the consultative document *Profit sharing: Tax Relief*, issued at the Government's instigation, by the Inland Revenue last month. Not without some justification, they claim that it is not nearly as modest as it looks. Method III is the one under which a company might allocate up to £500-worth of its shares per employee per year, the shares to be bought by the employees at full value. Its chief distinction is that the shares would then be retained by a trust, and it is the potential powers of the trust that attract the Liberals.

A Liberal spokesman might put it like this: "A maximum of £500 per employee per year might not sound very much to some readers of the Financial Times. But it is cumulative. Over a period of ten years or so it is quite a lot. How many people in this country, for example, hold shares worth more than £5,000? Besides, look at what the employees could do acting together through the trust. We should be well on the way towards co-operatives, or what Mr. Pardoe would call 'the post-capitalist society.' And co-operatives have always been a Liberal aim."

And yet to make sure of profit sharing of any kind, the Liberals still have to agree with Mr. Healey on tax. At present, there is a gap of at least £2bn. between what the Liberals are asking and what the Treasury seems prepared to offer. The negotiations are slightly complicated by the fact that Messrs Healey and Pardoe do not get on. Mr. Healey would no doubt dismiss Mr. Pardoe as being "out of his TCM" (tiny Chinese mind, a phrase now reduced to initials because of its possible diplomatic consequences). Mr. Pardoe, for his part, prefers to deal with Mr. Joel Barnett, the Chief Secretary to the Treasury, with whom he can talk. Mr. Barnett then reports to Mr. Healey, and back again. Where there is genuine Lib-Lab co-operation, however, is on the testing of Liberal figures. These are put through the Treasury machine, so that it can be assumed that when Mr. Pardoe says that it would cost *x* to do *y*, he is not speaking entirely off the top of his head.

Anyway, Mr. Pardoe is nothing if not ambitious. He thinks that it is quite possible that the British do not really want to do much better economically: either they are happy enough as they are, or perhaps there is some fundamental reason why a country that was first with the industrial revolution should then fall behind. Yet, not to give way to fatalism, it is worth having another shot, and what better approach than offering individual incentives?

Mr. Pardoe began by demanding that the standard rate of income tax should be brought down to 20p in the pound. (The present rate is 34p and the rate when the Tories left office was 30p). He still says that 20p must be the eventual aim, but he has trimmed to the extent that he would settle for a commitment to 25p, and even that could be achieved over a two or three year period rather than at a stroke.

There is a question about how the revenue lost through tax cuts could be replaced from other sources, and the sum we are talking about is £4-5bn. Well, says Mr. Pardoe, we could find about half of it by raising the borrowing requirement, which for much of last year was running at the very low level of just over 4 per cent. of Gross Domestic Product. The rest would come from increasing taxes on spending, which (apart from petrol) is in any case Liberal policy.

Mr. Pardoe is quite specific about this, and his figures are not queried. He said in the House of Commons on February 21 that £700m. could come from standardising VAT at 10 per cent. Another £500-600m. could come from the revalorisation of excise duties (excluding, of course, petrol), and well over £1bn. could come from an increase of 1½ percentage points in the payroll tax, by which he means the employers' National Insurance Contributions.

Mr. Denzil Davies, the Minister of State at the Treasury, reminded him in reply that the retail price index (RPI) had already risen by 85 per cent. since 1974, and that among other things the duty on table wine had been increased by 333 per cent., that on beer by 141 per cent. and on tobacco by 133 per cent. The duty on petrol had meanwhile gone up by only 33 per cent.

But Mr. Davies did not dispute Mr. Pardoe's calculations. He merely noted that the standardisation of VAT at 10 per cent. would add another 1 per cent. to RPI and that a further 1 per cent. would be added by a revalorisation of duties that sought only to keep pace with last year's inflation. He did not make very much of the rather obvious point that to raise the payroll tax at a time of very high unemployment would not be exactly popular, either with the CBI or the TUC.

Concession

There, on the whole, the matter rests. Mr. Pardoe has not changed his tune. He says that he has already made his major concession to the Government by temporarily dropping the call for a cut in the standard rate of income tax to 20p. He defends the demand to raise payroll tax on the grounds that employers, many of whom would like to break the Government's 10 per cent. pay code, could well afford to meet it. In any case, their present National Insurance contributions are much lower than the equivalent paid by their European competitors. He would also like to see a Phase IV of the pay policy under which the rise in earnings is limited to 7 per cent. and wage settlements to around 4 per cent. There is not much sign yet of the Treasury going very far to meet him—though it might have to move on pay policy after the Budget—and there remains the problem of the £2bn. gap.

Other Liberals say that, given the complications in the Pardoe-Healey relationship, they could still appeal directly to Mr. Callaghan. Could the Prime Minister come to the Liberals' rescue, repaying, as it were, one good deal with another? The answer is: quite possibly yes, though from quite different motives.

It will not have escaped notice that Mr. Callaghan is on his travels — to Bonn last Sunday and to Washington next week. It should not be forgotten either that, when Foreign Secretary he was instrumental in setting up the Economic Summit meetings. One of the theories he propagated then was that economics was too important to be left to Economics Ministers. He is in a stronger position now. Britain should be in current account surplus this year. She could afford to give some sort of lead. The idea must have occurred to him that there could be no better way of setting a reflationary example than by raising the predicted £2bn. give-away Budget to (say) just over £3bn. And that, incidentally, could let the Liberals off the hook.

That last paragraph is, at least in part, speculation. Perhaps in the end Mr. Callaghan will defer to orthodoxy and settle for around £2bn. But, if he does, there will be problems both for the Liberals and the Government. The Liberals cannot easily drop their demands for a sharp cut in the standard rate of income tax and for more reflation. Equally, the Government cannot easily rely on getting a Finance Bill through Parliament on its own. Indeed it probably cannot rely on all of its own supporters. Certainly, if this week's submission to the Treasury from the Scottish Nationalists is anything to go by, it cannot rely on the Nationalists. The SNP wants the duty on whisky to be substantially reduced. It would be odd for the Government to fall on the price of a bottle of Scotch, but perhaps, as Mr. Pardoe might say, that is part of the British malaise.

Malcolm Rutherford

Terry Kirk

Mr. John Pardoe, the Liberals' economic spokesman: an ambitious man but he does not get on with Mr. Healey. He prefers to talk with Mr. Joel Barnett, Chief Secretary to the Treasury.

Letters to the Editor

The money supply

From Mr. R. Wilkinson.

Sir,—Anthony Harris and Morgan Grenfell, those "specialists in naked emperors" (March 16) are to be welcomed as commonsense economists in a monetary world. As Mr. Harris pointed out some months ago, there are plenty of numerate economists around, but very few of the literate variety.

Ultimately as Mr. Harris says, both monetarism and Keynesianism are about demand management. The former school would argue that you can control spending behaviour by control of holding of money. The latter school was always imprecise and probably modest in its claims to understand consumer psychology. It did, however, work for a long time and if its founder were alive to-day he would have been intellectual and honest enough to adapt his basic thesis to accommodate events such as the four-fold increase in energy prices.

The monetary school knows all about the control of its own definition of supply of money. It knows very little about consumer psychology and even less about expanding money supply as opposed to contracting it.

You may recall an article by your other colleague Samuel Brittan some months ago. Faced with the problem of a sluggish economy, a high savings ratio which implied a flat refusal by the consumer to act in the manner which money supply demanded, Mr. Brittan suggested a once-for-all addition of 5 per cent. to the money supply. This "addition" was not to be interpreted as an increase, which was a great comfort to the monetarist school and also to emperors and their tailors of non-existent modesty garments.

R. P. Wilkinson,

Ocean House,
10-11 Little Trinity Lane, EC4.

Index-linked pensions

From the Director-General Royal Institute of Public Administration.

Sir,—Mr. Gilley (March 7) draws attention to the dismal record of the 881 pension schemes covered by the 1977 survey of the National Association of Pension Funds in maintaining the real value of the pensions being paid by these schemes. No less than 94 per cent. of them failed in varying degrees to raise their pensions in line with the increased cost of living that their pensioners had to meet. The resulting hardship must be considerable, and is patently no recommendation for the system of funding pensions.

By contrast, it is interesting to recall the following statement made by the Government Actuary in his Report on the Financial Provisions of the Social Security Pensions Bill 1975: "As the effect of inflation on contributions and benefits is broadly self-balancing, the rate of contributions required to support the benefits, expressed as a percentage of earnings, is not sensitive to the rate of inflation. Indeed, if benefits and contributions were to rise exactly in step with earnings, both the estimates expressed in present-day terms and the rate of contribution would be wholly independent of this factor" (Cmnd. 5925). The scheme on which the Government Actuary was reporting is, of course, operated by the pay-as-you-go method.

It is thus the employer-based system of retirement pensions—a surprisingly feudal element, incidentally, in 20th century life—with its dependence on a multiplicity of autonomous funds that is vulnerable to inflation. Unless, therefore, the CBI and the TUC feel confident that for Britain inflation is soon to be a thing of the past, should they not be at one in their enthusiasm for a state-based system of retirement pensions? And one wonders why are they not campaigning shoulder to shoulder for a better state scheme than that enshrined in the Social Security Pensions Act 1975 and the early phasing out of employer-based schemes which have shown themselves to be either exceedingly expensive for the companies that support them or distressingly inadequate for those they are supposed to benefit—and sometimes both?

Raymond Nottage,

Hamilton House,
Mobledon Place, W.C.1.

Rivals to the banks

From the General Manager, West of Scotland Trustee Savings Bank.

Sir,—In your leading article of March 13 on the clearing banks' complaint against building societies, of unfair competition, you recommend "a case for further study." But the subject has already been studied by the Royal Commission on Taxation of Profits and Income and by the Committee to Review National Savings (the "Page Committee"). The Page Committee endorsed the Royal Commission's principle that all tax reliefs which discriminated between various forms of investment should be withdrawn and that "proper" (that is, gross) forms of investment should be paid so that true earnings could be established and fair and equitable taxation could be levied.

Page, however, concedes that, "rightly or wrongly, many people like to have a form of interest which does not involve them with the tax collector . . ." and "history is also a powerful factor and any attempt to withdraw home loans or insurance concessions would arouse bitter opposition unless as part of some much greater package deal with other concessions more or less equivalent in value."

We need decisions by our Parliamentary masters, not further study, and equity suggests that if concessions and privileges cannot for practical reasons be withdrawn, they should be made general, and available to all investors.

J. D. Campbell.

P.O. Box 129, 177 Ingram Street, Glasgow.

Lending rates

From Mr. R. Holland.

Sir,—A standard rate tax payer currently receives a net interest rate of 1.98 per cent. on his deposit with any of the big four clearers on their 3 per cent. deposit rate; yet they would probably charge him between 10½ per cent. and 12 per cent. if he wished to borrow money for a car.

Over the last year the spread between deposit rates and rates on loans has widened. While the investor who puts his money on deposit in the local bank sees his savings' purchasing power reduced by a compound rate of 8 per cent. annually (at current inflation rates), it is not surprising that he puts his hard earned and heavily taxed surplus income into the building society where, taking into account inflation, his savings' purchasing power remains fairly stable. In addition he may be able to justify being granted a mortgage.

If the banks wish to regain some of these "lost" deposits, they must reduce the extremely wide spread between their borrowing and lending rates, from their current usurious levels.

Richard Holland.

30, Crespigny Road,
Hendon, N.W.4.

Elasticity of demand

From Mr. E. Broster.

Sir,—I was most interested in Mr. O'Herlihy's article of March 2. I do not think a price elasticity of demand of 7.0 is untoward especially in the field of consumer durables and other markets where competition is intense.

The elasticity of demand for a product, brand or service is a measure of the competition met by those items. Where Mr. O'Herlihy says that a 10 per cent. cut in price for a 3.5 elasticity of demand would increase consumer offtake by 35 per cent., he should have added "other things being equal"—competitors would react.

The ratio of the elasticity of demand to itself less 1 is of great importance in rational pricing. The optimum price (that is, the price that maximises profit or minimises loss) is equal to the marginal cost of the product multiplied by this ratio. For an elasticity of demand of 1.5 the ratio is 3.00, of 2.5 it is 1.667, of 3.5 it is 1.40 and of 7.0 it is 1.167.

Of other factors in demand, each has its own elasticity of demand, as well as price, for example, own advertising, competitors' advertising, consumer income, competitors' pricing, and technical development in the same field of end-use.

E. J. Browster.

Hawthorns
The Rampings,
Longdon, Tewkesbury, Glos.

EEC advertising directive

From the Director, The Incorporated Society of British Advertisers.

Sir,—I read Mr. Thompson-Noel's commentary (March 9) on the Advertising Association's statement about the proposed EEC directive for the harmonisation of laws on misleading and unfair advertising, with surprise and disappointment. I had hoped for a better-informed and more understanding article. If it is accepted in its present form, the directive will transform the law itself (reversal of the burden of proof), legal procedures (class actions), and legal remedies (corrective advertising) in this country. These are surely major constitutional changes which it is supremely inappropriate to introduce via a directive under Section 100 of the Treaty of Rome to promote the free flow of goods across national frontiers.

I would like to put more emphasis on the informative letter which seeks to justify the directive. The letter claims that protection against misleading advertising has been hampered by wide divergencies in national laws against such advertising. We are given no evidence to support this claim. In its assiduous protection of the interests of manufacturers, however, the Commission claims that these differences make it difficult to operate a uniform marketing system in border areas: and that an advertiser's competitive position is affected by the great expense involved in conducting different advertising campaigns in different States. Anyone who knows anything about advertising will know how naive, not to say ignorant, these arguments are.

Mr. Thompson-Noel has not, apparently, considered the effect of this directive. Does he really believe that the self-regulatory system could survive? Does he not see that consumers will sacrifice effective and free (for them) redress for the lengthy and vastly expensive procedure of legal action, with the inevitable delays and the likelihood of appeal at each stage. Will this help the consumer?

There is no room in this letter to comment adequately upon the badly drafted EEC directive. As a regular reader, I suggest that your correspondent has done less than justice to British industry, and to consumers in Britain.

G. W. Lamb.

2, Basil Street, S.W.3.

Responsible for agriculture

From the Managing Director, Fountain Farming

Sir,—Christopher Parkes (March 7) headlines his article on the recent Centre for Agricultural Strategy report "Land becoming too dear for farmers."

The annual report by the chairman of the Agricultural Mortgage Corporation said: "The demand for farms for owner-occupation continued unabated but signs were not lacking that in certain districts buyers were reluctant to pay the exorbitant prices that had previously obtained. . . ." This was in 1948 when the average price of vacant possession farms of over 300 acres was £44 per acre, less than a 20th of the price to-day.

Farmland has never yielded a straightforward annual agricultural return that justified its price. Purchasers of every ilk have had very good other reasons to justify its purchase and one can see no factors in the future that will alter this. Farmers will continue to bemoan the fact that land prices are too high but they will continue to be themselves willing buyers and, indeed, willing sellers.

One very misleading paragraph appeared in the CAS report and was repeated by Mr. Parkes. "They (institutions) could be responsible for just under 50 per cent. of U.K. agricultural production within 30 years." What I believe the report intended to say was that if institutions purchased all the large farms (extremely unlikely in any case in my view), they would own nearly 50 per cent. of agricultural land.

Nobody is seriously suggesting either that the institutions wish to do other than farm a minimum of their holdings and that it will ever be the landlord who is "responsible for agricultural production."

The key to both the level of agricultural production and the appearance of our rural landscape will always lie in the hands of those who actually farm the land and not the landowner.

Anthony Rosen.

Moor Hatches, West Amesbury, Salisbury, Wilts.

Where power lies

From the Secretary, Cambridge Workers Control Group

Sir,—Both Mr. Hildreth (March 8) and Mr. Lee (March 11) respond to my letter on industrial democracy as though I had argued that the requirements of customers should be ignored by industry. What I was in fact arguing was that what the customers want is not the only problem management has to face. Management also has to organise production and in deciding how to do that it is far from being sovereign.

Legally, as Mr. Dauris (March 8) points out, the shareholders are sovereign. In practice, nothing can be done without the consent of the organised workforce. Mr. Hildreth thinks that in pointing that out I am describing "a fairyland in which giants and dwarfs fight for secret hoards of treasure" yet he has recently organised a conference to discuss the dire problems management has to face because of the power of the unions.

My view is that management should be able to implement its decisions but that, at the present stage of development of British society, it cannot do so unless it becomes responsible to the organised workforce. In turn, the organised workforce, instead of using its power in a negative and defensive manner in opposition to management — which is the only way the law at present allows it to operate—will have to use its power positively and will have to learn how to manage production (and satisfy customers) itself.

Both Mr. Hildreth and Mr. Lee think that this is confusing politics and economics. I was under the impression that economics and industrial strategy were now a major part of the business of politics. If Mr. Hildreth and Mr. Lee do not think that this is the case, then I suggest that it is they, and not I, who are living in a fairyland.

Peter Brooke.

Peterhouse, Cambridge.

Judgment of ACAS

From the Financial Director, Graham Lewis Bott, Lewis and Grundy Division

Sir,—I refer to the article by your labour staff "Advisory Conciliation and Arbitration Service neutral on ICI union recognition" of March 14. On first reading there is a suggestion that ACAS feels unable to recommend any union recognition and prefers neutrality in circumstances where a ballot of employees concerned shows 72 per cent. in number wanting to be represented by the Association of Professional Scientists and Technologists and 13 per cent. in favour of representation by the Association of Scientific, Technical and Managerial Staffs. Your article fails to make clear what I assume to be the position that APST already enjoys recognition rights with ICI and that ACAS in considering the recognition issue referred to it by ASTMS under the provisions of section 11 of the Employment Protection Act, 1975, feels that in view of the support that ASTMS can count on the circumstances do not warrant the extension of parallel bargaining rights to that union.

If there is a lesson to be learnt from the deliberations of ACAS in this particular case it would seem that ACAS considers that support at 13 per cent. is not good enough and insufficient to impose on existing bargaining machinery which has the backing of a 72 per cent. majority. It would seem to me that ACAS has reached the only proper and reasonable decision on the basis of the evidence. The suggestion that ACAS has opted for a neutral stance on the issue referred to it is unfair.

D. W. Goulder.

Leen Gate, Lenton, Nottingham.

To-day's Events

GENERAL

Retail price index for February.

Session of European Parliament ends, Strasbourg (until April 10).

Final day of public hearing by Civil Aviation Authority of application by Laker Airways to run cheap-fare Skytrain service between London and Los Angeles.

Negotiations open between EEC and Japan on limitation of Japanese steel shipments to the Community, and on prices at which this steel may be sold.

Labour Party Scottish Council conference begins, Dunoon (until March 19).

Prime Minister is guest of honour at Wales Asian Society, Cardiff.

The Queen opens Reading Civic Centre.

Mr. Edmund Dell, Trade Secretary, ends visit to India, during which he was accompanied by three leading British businessmen.

Mr. John Silkin, Minister of Agriculture, and senior Greater London Council officials inspect construction progress of Thames Flood Barrier at Woolwich Reach.

United Guilds service St. Paul's Cathedral, noon.

"Northampton Goes to Town" Exhibition (organised by Northampton Development Corporation), London Press Centre, Shoe Lane, E.C.4, 9.30 a.m. to 5.30 p.m.

Birmingham Motor Show opens, Bingley Hall (until March 28).

Final day of Vending Equipment, Refreshment Services and Supplies Exhibition, Cumberland Hotel, W.1.

PARLIAMENTARY BUSINESS

House of Commons: Private Members' motions.

COMPANY MEETINGS

Wiggins Teape, Basingstoke, 12.45.

OPERA

Royal Opera production of Il Trovatore, Covent Garden, W.C.2, 7.30 p.m.

English National Opera perform Don Giovanni, Coliseum Theatre, W.C.2, 7.30 p.m.

BALLET

Ballet Rambert dance Cruel Garden, Sadler's Wells Theatre, E.C.1, 7.30 p.m.

COMPANY NEWS + COMMENT

Wolseley-Hughes £1.36m. up midway

INCLUDING exports ahead from £2.96m. to £5.1m., sales of Wolseley-Hughes expanded from £46.06m. to £63.72m. for the six months to January 31, 1978, and despite higher interest of £306,000 against £156,000 pre-tax profits advanced from £3.1m. to £4.46m.

The interim dividend is raised from 3.025p to 3.3275p net per 25p share. Last year's total was 6.7015p and pre-tax profits totalled £6.27m.

	Six months 1977-78 £000	1976-77 £000	Year 1976-77 £000
Sales	65,724	46,052	97,162
Exports included	5,097	2,939	7,269
Trading profit	4,770	3,234	6,714
Interest	306	136	446
Profit before tax	4,464	3,098	6,268
Tax	2,321	1,611	3,298
Net profit	2,143	1,487	2,980
To minorities	96	1	[illegible]
Leaving	2,047	[illegible]	2,973

The directors report that all the principal divisions have contributed to the increased sales and profits. Wolseley-Hughes Merchants had a very busy and successful half year although the electrical companies continued to face difficult trading conditions.

While sales in the agricultural and gardening division are higher than a year ago lawnmower sales to date are mainly to the trade. Given a reasonable grass growing season dealers' stocks should be converted into consumer sales. Orders for agricultural machinery remain steady.

The engineering division has benefited from large contracts in the Middle East which are reflected in the higher export sales: the underlying established business shows a small increase in profit at the end of the half year.

● comment

Wolseley-Hughes' interim pre-tax profits, after stripping out a first time contribution from Archie Kidd, are up around 38 per cent, while turnover has risen by 38 per cent. Central heating sales, helped no doubt by easier mortgage terms for home improvements, have again been strong. However losses from the electrical side have been an offsetting factor and profits from the general merchanting division probably rose by just under 25 per cent. The big profits jump appears to have come in the engineering division where demand for oil-fired burners for furnaces and other industrial uses has been particularly buoyant, notably in the Middle East. Exports have risen by 72 per cent. during the period. Meanwhile the agricultural division has so far escaped any effects of the decline in orders for new equipment from farmers (demand for its new agricultural products is thought to have acted as a buffer) while prospects for lawnmower sales look brighter this year. A 10 per cent. dividend increase for the year gives a yield of 6.1 per cent. at 187p (up 5p yesterday).

HIGHLIGHTS

British Petroleum's results confused the market, but by the end of the day it emerged that profits were more or less in line with recent expectations, though the figures are much worse than had been hoped for earlier last year. Lex also looks at the **Smith and Nephew** results where profits, up by 23 per cent., look good. Growth from the medical and health care products' divisions has made a major impact though S and N is still losing money on its U.S. cosmetics business. Also the column discusses the mildly disappointing money-supply figures. Elsewhere, results from **William Collins** are down, with margins showing a fall of over five points. **Gibbons Dudley** on the other hand beat market expectations despite a poor performance from refractories, while **Johnson Cleaners** has seen a good second-half upswing.

Waring & Gillow ahead

ANNOUNCING TAXABLE profit ahead from £1.03m. to £1.44m. for the six months to September 30, 1977, on turnover of £20.18m. against £17.11m., the directors of Waring and Gillow (Holdings) say that full year results will show a record surplus, compared with a peak £2.76m. for the previous year.

A divisional breakdown of turnover and profit for the half year shows £13.72m. (£13.73m.) and £1.39m. (£1.08m.) from furniture, with £4.47m. (£3.38m.) and £46,433 (£47,332 loss) respectively from clothing.

The net interim dividend is stepped up from an equivalent 0.958483p to 1.070554p per 25p share, absorbing £225,889 (£203,334)—for the whole of 1976-77, payments totalled 3.213596p, adjusted for a one-for-ten scrip issue.

The directors state that a reserve for tax of some £747,032 (£536,090) will have to be made on first half profit, although, due to stock relief provisions to cover inflation the amount payable may be considerably less.

They report that the decline affecting the clothing division has been contained and the position improved due to the receipt of temporary employment subsidy.

With half year profit in the furniture division up 29 per cent., the directors continue to be expansion-minded and a number of new branches will be opened in the near future.

● comment

While much of the furniture industry remains depressed, Waring and Gillow shows first-half profits up 39 per cent. Apart from the clothing division's turnround the short explanation is that by being up-market, the company is less vulnerable to the effects of lower consumer spending. On the carpet side (about one-fifth of total sales) there has been a big improvement following the opening of the computerised distribution centre in Sheffield. Here, there is still considerable room for expansion and the acquisition of 33 new carpet shops currently being negotiated should make a useful contribution next year. Meanwhile the less important clothing division (20 per cent. of sales last year) continues to languish under the impact of the jeans revolution and cheap imports. Nevertheless record year-end profits are expected, and £3.6m. looks possible. At this level the shares, at 84p, are on a p/e of 6.1 while the yield is 6.4 per cent.

Upsurge by George Spencer

WITH £304,000, against £44,000, coming in the first half, pre-tax profits of George Spencer, the Vedonis knitwear group, more than doubled from £260,361 to £536,973 for 1977 on turnover of £12.35m. compared with £10.31m. The directors say the improvement was fully anticipated.

After tax of £230,958 (£119,268) earnings are shown to be ahead from 2.2p to 5p per 25p share and the dividend is effectively lifted from 2.228808p to the maximum permitted 2.464182p net with a final of 1.714543p.

It is proposed to increase the group's borrowing powers and to raise the Preference dividend from 3.5 per cent. to 4 per cent. net to avoid restrictions on scope and prospects.

There were extraordinary credits for 1977 of £1,576 compared with debits of £18,767 last time.

R. Clay drops in second half

DESPITE A decline in second half profit from £759,296 to £510,108, Richard Clay and Co., the book printing and binding group, finished 1977 with a record pre-tax figure of £1,278,172, compared with £1,143,738 for the previous year. Turnover was higher at £9.38m. against £7.44m.

At the interim stage, the directors said that subject to there being no marked change in the level of activity in the last quarter, and to the company's continued ability to contain cost increases, second half results should be similar to those of the first period.

Full year earnings are given as 10.99p (7.84p) per 25p share and a final dividend of 1.8639p net makes the total 3.1639p against 2.86089p, which included a special 0.02819p on ACT reduction. A one-for-four scrip issue is also proposed.

Johnson Cleaners over £2m.

TURNOVER, NET of VAT, for the 53 weeks to end 1977 at Johnson Group Cleaners came to £20.27m. compared with £17.04m. for the previous 52 weeks, and pre-tax profits expanded from £1.39m. to a record £2.05m., after rising from £0.53m. to £0.63m. for the first half.

Mr. J. L. Crockatt, the chairman, says the substantial improvement made in the second half was due mainly to a much better performance from retail drycleaning.

Earnings are shown to be up from 11.5p to 14.43p per 25p share and the dividend total is raised from 3.4839p to the maximum permitted 3.8911p net with a second interim of 2.625p.

The figures do not include a net surplus on sales of properties of £259,702 (£138,021); a transfer to the debenture redemption sinking fund of £70,100 (£73,040); and extraordinary reorganisation costs of £176,901 (£62,572) net.

● comment

Like other drycleaning companies, Johnson Cleaners is sensitive to changes in consumer spending and the increase in real earnings from June onwards helped boost second half profits by two thirds. This period also featured an exceptional December quarter, which had the benefit of the mild weather at the time. There was a two point improvement in margins for the full year and despite two price rises a useful advance in volume sales was recorded. This trend should continue if consumer spending carries on rising. In addition the industrial rental clothing business is becoming more important as Johnson gains market share with its easy-to-launder and more durable polyester/cotton garments. At 83p the shares are on a p/e of 5.6 while the yield is 7.3 per cent. This compares with 12.3 and 6.6 per cent. respectively for Sketchley.

HTV ahead to £1.84m. so far

TURNOVER for the half year to January 31, 1978, of HTV Group expanded from £9.4m. to £14.79m. and, after an Exchequer Levy of £2.1m. compared with £1.32m., pre-tax profits advanced from £1.2m. to £1.84m.

With tax taking £0.99m. (£0.66m.) earnings are given as 8.27p (3.25p) per 25p share and the interim dividend is 3p (2.5p) net. Last year's total was 10p and pre-tax profits came to £2.9m.

Turnover and profits of the publishing and stationery activity have been included from the date of acquisition of T. J. and J. Smith on September 15, 1977, to the year end. The directors point out that the diary trade is of a seasonal nature and it is unusual for a profit to be earned in the half year to July 31.

Following the resignation of Mr. A. J. Gorard on January 5, 1978, Lord Harlech has been appointed chief executive of the group; Sir Alun Talfan Davies, Mr. R. A. Garrett, and Mr. G. E. McWatters have been appointed as vice-chairmen; Mr. R. W. Wordley has been appointed as director of television; and Mr. T. Knowles as commercial/financial director.

SHARE STAKES

Braithwaite and Co. Engineers—Fandstan, a company controlled by Lord Tanlaw, director, on March 14 bought 30,000 shares at 137p.

Property Investment and Finance—Manford Investments—to be called Castlemore Properties (Holdings)—has confirmed that on March 8 it bought 100,000 shares, increasing its holding to 910,000 (21.1 per cent.).

Wedgwood—Prudential Assurance, as a result of recent sales, holds less than 5 per cent. of the equity.

Dorada Holdings—The 8.05 per cent. of the shares previously stated to be held by Midland Bank (Overseas) are held on behalf of Bunalux Holdings A of Luxembourg.

John Lewis and Co.—John Lewis Partnership on March 10 bought £5,000 5 per cent. first Cumulative Preference stock, making total holding £312,832 (20.83 per cent.).

Amalgamated Stores—L. Phillips is interested in 2,148,983 shares (13.24 per cent.), not 2.25m. as previously announced.

A rebuff for De Beers in Australia

THE PERMIT granted to the De Beers subsidiary Stockdale Exploration, to search for diamonds in the Kimberley region of Western Australia has been cancelled because the company entered the Forrest River Aboriginal Reserve without permission, reports Don Lipscombe from Perth.

The cancellation—the latest in a sequence of contentious events surrounding Aboriginals and diamonds—was announced yesterday by Mr. Andrew Mensaros, the State Minister of Mines.

It follows a helicopter landing and the collection of soil samples, without approval, from the Reserve.

Although Stockdale has apologised to the Aboriginal Lands Trust for breaching the Aboriginal Affairs Planning Authority Act, Mr. Mensaros said, "I regard this as a serious breach of the conditions which were made quite clear to the company.

"For this reason I have decided to cancel immediately the company's rights of occupancy under the two temporary reserves it was granted last year."

Mr. Mensaros cited the State Government's decision as tangible proof of its seriousness about Aboriginal rights on mining tenements. But this is the first time he has championed the Aboriginals over the mining companies and the ban, imposed after a long lobbying campaign, has shocked the mining community.

The issue has in any case caused divisions in the Liberal-Country Party coalitions, both in Canberra and in Perth.

Yesterday De Beers shares were 10p lower at 327p, following the trend of other South African issues.

MINING BRIEFS

NEW GUINEA GOLDFIELDS—February production. Golden Ridges Mill: tons ore treated 4,702, assaying 0.093 ounces per ton. Fine gold produced 324.6 ounces. Fine silver produced 292.5 ounces. Edie Creek Alluvials. Fine gold produced 73.4 ounces. Fine silver produced 71.5 ounces.

MOUNT ISA MINES—Production for the period February 17 to March 12. Lead ore treated 167,604 tonnes produced 19,559 tonnes crude lead and 14,762 tonnes zinc concentrates. Copper ore treated 377,979 tonnes produced 11,900 tonnes blister copper.

New suitor for Blakey's

Centreway has backed out of its contested bid for Blakey's (Malleable Castings) and sold its 41 per cent. stake to Allied Insulators which will now launch a new, recommended offer.

The new bid, at 52p per share with a 6 for 7 share alternative, looks almost certain to go through since Allied has shares or acceptances amounting to over 50 per cent. of Blakey's. The only condition of the new offer is that listing will be granted for the new Allied shares issued for the offer.

The Board of Blakey's is thought to be happier at the idea of going in with a company which already has an involvement in the foundry business. The products of Blakey's and Allied are said to be complementary.

For Centreway the disappointment of not getting Blakey's will doubtless be mitigated by the profit it has made on recent purchases at prices below Allied's offer price. It bought 110,000 shares at 47p each and another 75,000 at 48p.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
BP	15.12	—	12.91	22.1	19.99
Richard Clay	1.86	May 12	1.83	3.16	2.86
Wm. Collins	2.55‡	May 5	2.55	4.68	4.15
Falcon Mines	25§	May 13	25	—	50
Gibbons Dudley	1.84	May 11	1.64*	2.5	2.27*
HTV Group ....int.	3	May 9	2.5	—	10
Johnson Cleaners 2nd int.	2.62	Apr. 15	1.42	3.89	3.48
Miln Marsters ....int.	2.3¶	May 12	1.67*	—	5.17*
Sharpe & Fisher	1.67	May 26	1.42	2.37	2.12
Small & Tidmas	1.0	—	1.0	2.0	2.0
Smith & Nephew	1.62	May 23	1.45	2.41	2.18
George Spencer	1.71	May 2	1.49*	2.46	2.23*
Waring & Gillow ....int.	1.07	May 9	0.96*	—	3.21*
Jas. Wilkes	2.37	May 31	2.07	3.75	3.43
Wolseley-Hughes ....int.	3.33	July 4	3.03	—	6.7

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Also additional 0.089p for 1976. § Rhodesian cents. ¶ Increased to reduce disparity with final.

Gibbons Dudley profit rise is £340,000

ON TURNOVER of £51.76m. against £36.55m. pre-tax profits of Gibbons Dudley for 1977 rose from £3.89m. to a record £4.23m., after £1.87m. at midway compared with £1.72m. The directors then said that the full year surplus was expected to be somewhat ahead of 1976.

Stated earnings on increased capital from a one-for-two scrip issue are up from 19.29p to 21.6p per 25p share and the dividend is lifted from an equivalent 2.265533 to 2.50217 with a final of 1.83656p net.

There was an extraordinary debit for the year of £69,000 (nil). The accounting policy for deferred tax has been changed in accordance with ED 19 with figures for 1976 having been restated—tax charge for the year is down from £152,000 to £41,000.

The group has interests in building products, engineering, refractories and industrial estates.

	1977 £000	1976 £000
Turnover	51,758	36,549
Pre-tax profit	4,226	[illegible]
Tax	41	112
Net profit	4,184	[illegible]
Extraord debit	[illegible]	—
Retained	3,690	[illegible]

● comment

Full-year results from Gibbons Dudley, the refractories to engineering group were a shade better than expectations. The full year improvement has been achieved in spite of a poor performance in refractories, where a first-half profit of £441,000 was followed by a virtual nil contribution in the second half. The building products contribution was depressed, too, although volume may have been maintained at a time when industry brick deliveries were falling. But this may have been at the expense of price. Otherwise it is the group's engineering interests which must be credited with last year's overall improvement. Their trading profits rose from £203,000 to £1.68m. due to a good performance from the more efficient non-coke foundry engineering interests. At 63p (up 4p) the shares stand on a p/e of 2.8 on stated earnings, based on a nominal tax charge, and nearer 6 on fully taxed earnings and yield 6.3 per cent. The shares could go higher.

First half at Miln Marsters

REPORTING pre-tax profits of £10,895 for the six months to November 30, 1977 compared with a loss of £125,926, on turnover of £3.33m. against £2.26m., Mr. R. G. Whitehead, the chairman of the Miln Marsters Group of plant breeders and seed specialists, says a satisfactory trading year is expected but profits may not reach last year's record £1.12m.

First half profits are subject to tax of £5,663 (nil). The interim dividend is effectively raised from 1.6667p to 2.3p net per 50p share, absorbing £48,602 (£35,218) to reduce disparity with the final payment.

The directors intend to pay a full year total of 5.6819p (5.1653666p) but say that if dividend restrictions are not extended beyond July 31 they will consider, in the light of trading conditions then prevailing, whether or not a greater increase can be recommended.

The increase in turnover was occasioned by higher prices throughout the group's range of products as well as the group's ability to make extra sales prior to the end of the half year. This has brought about the alteration of the more normal trading loss into a trading profit.

Newly independent IMI well placed for growth

EXPRESSING CONFIDENCE that Imperial Metal Industries is well placed to increase both turnover and profits significantly given a climate favourable to industry, Sir Michael Clapham, chairman, reports that the newly-independent status of the company has been well received by employees, customers, suppliers and financial institutions.

Arrangements have been made to replace services previously provided by ICI, which sold its holding in IMI last October, and at present no single shareholder controls as much as 3 per cent. of the issued shares, members are told.

Taxable profits for 1977, reported March 1, improved from £30.08m. to £34.2m. The figures are not strictly comparable, the most significant difference being that additional depreciation has been determined purely by indexation of historic book values and does not reflect any subjective reassessment of the useful lives of fixed assets.

On this basis it is estimated that the pre-tax profit should be reduced to £20m. after taking into account inflation. The reduction consists of additional depreciation of £9m. and a cost of sales adjustment of £8m. to reflect the replacement cost of stocks at the time when they were sold, offset by £3m. as a result of the gearing adjustment necessary to reflect the way in which the group is financed.

A breakdown of turnover £467m. and trading profit £35.6m. shows: fabricated products and components U.K. £191m. and £15.2m.; rest of Europe £60m. and £3.9m.; rest of the world £29m. and £2.1m.; refined and wrought copper and other metals U.K. £226m. and £14.7m.; less inter-class sales £39m.; exchange adjustments £0.3m. debit.

Direct exports from the U.K. including inter-class sales amounted to £84.7m. (£75.2m.).

During the year the group acquired 80 per cent. interests in three businesses in France: the Mapegaz valve group, Tôleries de Grenoble which operates in the field of pressurised water systems, and La Douillerie Française, a sporting ammunition company. IMI Australia acquired a 60 per cent. interest in Fluid Power Company Pty.

Group contracts in respect of future capital and investment expenditure which had been placed by the year-end amounted to some £3.03m. (£3.69m.). The amount authorised by the directors but not yet contracted for was £12.04m. (£6.04m.).

At the AGM, to be held in Birmingham on April 11 at noon, it will be proposed to change the name of the company to IMI Limited.

Wm. Collins falls 40% to £3.15m.

PRE-TAX profits of William Collins and Sons (Holding), publishing group, fell by 40 per cent. in 1977 to £3.15m. compared with £5.22m. last time, after a half-time downturn from £1.86m. to £1.03m.

The directors say that trading conditions were extremely difficult for most of the year both in the U.K. and, more particularly, overseas. The combined effect of sales falling below expectations, together with pressures on margins contributed significantly to the reduction in profits.

Group sales were ahead by 9.6 per cent. to £53.76m., with the U.K. content up by 15 per cent. to £23.7m. Currency sales in international markets showed a 12 per cent. increase, which was reduced to 8 per cent. at £30.1m., when converted to sterling at year-end rates.

As forecast, the final is maintained at 2.553p net per 25p share making the total 4.678p (4.153p), which includes an additional 0.089p for 1976 on the reduction in ACT. Stated earnings are down from 28.7p to 16.1p.

General trade books had an excellent increase in sales, as did stationery and diaries, directors state, and Hatchards bookselling subsidiary benefited from the good tourist year. Sales of Fontana and Armada paperbacks in common with other paperback publishers were below expectations and children's bible and reference books showed only a modest increase in sales, they add.

They say that it is estimated that the strengthening of sterling has reduced the group's international trading profits by at least £0.5m. and has in addition resulted in an exchange loss of £310,000 on the value of the current assets held by its international companies, compared to an exchange gain of £258,000 in 1976.

The 1977 tax charge down from £1.26m. to £0.93m. does not include any provision for deferred tax. Tax figure and extraordinary item for 1976 have been adjusted to a comparable basis.

● comment

Two factors blew publisher William Collins off course last year. With over a half of sales going overseas currency fluctuations took their toll on margins which dropped over 5 points in the second half to 7.1 per cent. at the pre-tax level. Volume was static throughout most of the year. Against a worldwide slump in booksales, its principle market, children's bible and reference book pushed up sales from £16.1m. to £18m. That represented a small 2 per cent. increase in volume. Hatchards bookselling subsidiary produced a more useful increase in sales of 30 per cent. to £6.5m. thanks to the Jubilee tourist boom. But sales of Fontana and Armada fell around 12 per cent. in volume on turnover of £9.7m. What is slightly worrying is the group's balance sheet. Group debt has risen from £8.7m. to £14.4m. Around £4m. of the debt increase is attributable to a build up of stocks for a Christmas boom which turned out to be more muted than usual. While another £1m. is due a mortgage taken out on a new distribution centre in Australia. However, the group is now running stocks down in the current first half. At 124p the shares stand on a p/e of 7.5 on stated earnings and yield 5.8 per cent.

Sharpe & Fisher at £0.91m.

ON SALES of £15.29m. compared with £13.8m., pre-tax profits of Sharpe and Fisher, the builders merchants DIY, electrical, decorating and garden supplies group, rose from £852,409 to £907,216 for 1977. At midway, profits were lower at £313,047 compared with £327,214.

With tax taking £485,894 (£450,699), full year earnings are shown to be up from 5.1p to 5.3p per 25p share and the dividend is raised from 2.1223p to 2.3704p net with a final of 1.6704p. A one-for-four scrip issue is also proposed.

The directors state that the 11 per cent. sales increase shows a reduction in volume terms reflecting general conditions in the industry. There are some signs that the situation is beginning to improve slightly, they add.

Results have been affected by several unexpected bad debts but these did not occur at the same rate in the second half.

ISSUE NEWS

Saga Holidays more than twelve times subscribed

Saga Holidays offer for sale of 2.1m. Ordinary shares—the first offer of shares to the public in a "new" company since last September—was successfully concluded yesterday with the issue subscribed more than 12 times.

The 20p shares were priced at 105p. The group received more than 6,400 individual applications for almost 25½m. shares.

Preferential applications were received from 53 employees for 24,000 shares which will be allotted in full. There will be a weighted ballot for applications for up to 900 shares with successful applicants to receive 200 shares. Applications for 1,000 shares and above will receive approximately 7½ per cent. of the number of shares applied for—with a minimum of 200 shares.

Further details giving the result of the ballot are expected to be sent to shareholders next Tuesday.

FARMERS LOAN

The Agricultural Mortgage Corporation has issued £3m. Variable Rate Bonds dated March 11, 1983, at part. The interest rate is 1 per cent. above LIBOR. Interest is payable half-yearly on September 17 and March 17. The first payment due this September will be at the rate of £8.1875 per cent. per annum.

NEW UNIT TRUST FROM KLEINWORT

Kleinwort Benson is launching a new unit trust, Fund of Investment Trust to serve the needs of both existing clients and outside investors. The fund is designed to provide longer-term growth in both capital and income: and the portfolio will be very largely composed of holdings in investment trusts, though there is scope for investment in companies of a similar nature.

The initial subscription day for the sale of units will be Friday, March 17, and thereafter dealings will take place on the first Monday of every month. The units are initially being offered at 50p apiece, at which level the estimated gross annual yield will be over 5 per cent.

Kleinwort Benson has invited existing clients with holdings of investment trust shares to exchange them for units in the new trust, and it is in consequence likely to start with a base of some 2m.

£34m. downturn in BP net income

SALES proceeds of £14.71bn. [again]st £12.86bn. pre-tax income [of] British Petroleum Company for [197]7 rose from £1.78bn. to £2.19bn., [wh]ich included £260.7m. other [inc]ome compared with £188.3m.

[A]fter overseas tax of £1.36bn. [aga]inst £1.39bn. and U.K. tax on [the] new ED 19 basis of £465.1m. [com]pared with £53.2m. and an [ext]raordinary debit of £54.2m. for [ove]rseas capital gains tax levied [as] a result of reorganisation in [the] U.K. in 1972, as well as [min]orities, net income emerged at [£30]4.1m. (£338.1m.). Net income [on] the previous tax accounting [bas]is is shown as £196.4m. against [£3]..8m.

[T]he net income for 1977 takes [acc]ount of a U.K. corporation tax [liab]ility of £114.9m. compared [wit]h a credit last time of £76.2m., [pri]marily in respect of ACT [prev]iously written-off.

[T]he directors say that the effect [of t]he change in accounting policy [to t]he ED 19 basis is considerably [gre]ater than previously indicated [in] quarterly statements. This is [mai]nly attributable to the [incl]usion in the full year's [acc]ounts of the tax effects of the [gro]up's continuing investments in [the] North Sea. Income before [U.K.] corporation tax but after [pet]roleum revenue tax amounted [to] £474.2m. compared with [£..]7.9m.

[The d]irectors state that the weak[nes]s of the dollar against sterl[ing], particularly in the last [qua]rter, reduced the results from [the] group's dollar based opera[tion]s in 1977.

[M]oreover, the group's income [suff]ered in sterling terms from [the] translation of some of its [cur]rent assets at year-end rates [of] exchange.

[Ca]lated earnings per £1 share [were] 92.6p (87.4p) and per gallon [sold] as 0.8p (0.7p). The dividend [is] lifted from 19.987p to 22.102p [wit]h a final of 15.121p. Return [on] average net assets was 11.2 [per] cent. (11.4 per cent.) and the return on average capital em[plo]yed was 9.8 per cent. (10.3 per [cen]t.).

[T]he directors say the momen[tum] of the 1976 economic [rec]overy in OECD countries was [not] maintained, and that market [pri]ces for crude oils declined [ste]adily through 1977. Margins for [cru]de oil were affected in a way "particularly unfavourable" to BP. Sales of crude oil were down from 79m. tonnes to 75.7m. in 1977.

Demand for low sulphur crudes from Africa and the North Sea was particularly strong early in the year, reflecting the severe winter in the U.S. and the African Governments moved their official selling prices up significantly.

By mid-year market prices for these crudes were slipping, reflecting slack demand and the increasing availability from the North Sea. By the end of the year very substantial discounts off the African official selling prices were being conceded and North Sea prices were correspondingly depressed, the directors say.

In terms of the margin on crude oil these developments were particularly unfavourable for BP. Having suffered disproportionately for the first half year because 85 per cent. of the group's OPEC supplies was upper tier crude, the restoration of margins into line with competitors in the second half coincided with falling demand and thus there was no oportunity to offset the penalty of the first half.

Similarly, the directors add, margins on shipping and refining, particularly for European trade, remained very depressed because of the continuing surplus of large tankers and of distillation capacity.

Despite the depressed oil trading environment, the group increased its sales of refined products in 1977 by 3.5 per cent. to 97.1m. tonnes. This growth was predominantly in higher margin gasolines and middle distillates, and total sales of low-margin fuel oils were little changed. Natural gas sales also increased by 2.0 per cent. to 10.1m. cubic metres per day. Crude oil sales fell by 4.2 per cent. to 75.7m. tonnes, but this is regarded as satisfactory in the face of the expansion in direct sales by producing countries since 1974, the directors add.

Income benefited considerably from Forties crude oil production, but was adversely affected by the trading conditions.

The group's equity interest in Sohio grew over the year from 26 per cent. to some 40 per cent. as a result of the build-up in production from the Prudhoe Bay field. Sohio's net income rose to U.S.$181.1m., compared with $138.9m., "a reflection of the commencement of Alaskan earnings," they say. The two factors together increased Sohio's contribution to group net income to £20.3m. (£19.7m.).

In chemicals, after an encouraging start, European prices came under increasing pressure as declining economic activity resulted in increasing amounts of spare production capacity overhanging the market. Consequently, although sales were increased by 2.1 per cent. to 2.6m. tonnes, the contribution of chemicals to group income dropped to £18.9m. (£48.8m.).

This contribution excludes the chemicals activities of Sohio and those within the group's oil marketing companies.

Capital expenditure by the group in 1977, together with its proportion of the capital expenditure of associated companies other than Sohio, totalled £793.3m. (£976.4m.). This included the continuing heavy cost involved in creating and developing new crude oil production and transportation facilities in the North Sea and Alaska.

In addition, the group made a significant acquisition of coal-mining interests in Australia.

	1977 £m.	1976 £m.
Sales proceeds	14,712.3	12,857.0
Less custom duties, taxes	2,714.9	3,275.9
Other income	260.7	188.3
Costs*	8,547.3	7,654.2
Distribution, etc.†	1,813.3	900.7
Depreciation, etc.	305.7	285.9
Interest	267.5	176
Pre-tax income	2,186.3	1,783.6
Overseas tax	1,361.9	1,386.3
U.K. tax	465.1	53.2
Corporation tax	114.9	§76.2
Petrol revenue tax	350.2	129.4
Minorities	1	6
Leaving	358.3	338.1
Extraord. debit*	54.2	—
Net income	304.1	338.1
Dividends	87	77.1
Retained	217.1	261

* Oil, ocean freight, refining and chemical manufacturing. † Includes selling, administrative and other expenses. ‡ After overseas tax relief. § Credit. ¶ In respect of overseas capital gains tax levied as a result of group reorganisation in the U.K. in 1972.

See Lex

Smith & Nephew 23% rise

EXTERNAL SALES for 1977 by Smith and Nephew Associated Companies rose by 12.2 per cent. from £145.48m. to £163.18m., or by 15.7 per cent. to £168.33m. at 1976 exchange rates, and pre-tax profits were lifted by 23.4 per cent. from £14.05m. to £17.34m. after exchange losses of £1.07m. compared with gains of £1.1m.

Profits for the first 24 weeks were ahead from £5.87m. to £7.4m. and had reached £11.79m. (£9.25m.) at the 40-week stage.

Full year earnings are shown at 8.54p (6.67p) per 10p share and the dividend total is raised from 2.1797p to 2.4006p net with a final of 1.6188p.

	1977 £000	1976 £000
External sales	163,184	145,478
Operating profit	20,451	15,223
Exchange losses	1,073	†1,106
Borrowing costs	3,340	3,200
From associates	1,297	822
Profit before tax	17,335	14,046
Tax	4,434	4,035
Net profit	12,901	10,011
To minorities	73	68
Extra-ord. debits	552	113
Leaving	12,276	9,830
Pref. dividend	18	19
Ord. interim	1,136	1,008
Final	2,371	2,113
Retained by assocs.	830	414
Retained	7,887	6,290

† Gains.

In accordance with recent accounting recommendations, the tax charge for both 1977 and 1976 excludes U.K. deferred tax. Had the charge been made on a similar basis to 1976 published results earnings per share for the year would have been 5.73p (4.90p).

Depreciation charged on fixed assets amounted to £3.4m. (£3.07m.).

The directors say the increase in exports and in sales by U.K. companies was particularly good. After a major improvement in medical and health care products and a substantial recovery in plastics, the increase in profitability was broadly spread throughout the group's products.

Capital expenditure for the year amounted to £9.8m. and a similar amount is planned for 1978. Financial facilities available and cash flow are more than adequate for the group's requirements, members are told.

Working capital (stocks and debtors, less creditors) increased by £4.8m. (12.6 per cent.) in 1977. Net borrowings including term loans but excluding the 8 per cent. Convertible Loan Stock 1981, increased from £16.9m. to £18.0m. The acquisition of Watson-Marlow in May, 1977 required some £0.9m. in cash.

Assuming conversion of the Loan stock, net borrowings of £18.9m. represent 28 per cent. of the increased shareholders' funds. If the Loan stock is not converted total net borrowings represent 33 per cent. of shareholders' funds (£56.6m.).

The directors say that subject to unforeseen circumstances, 1978 will be another year of growth. Profit before tax for the first quarter will be some 20 per cent. higher than for the same quarter of 1977.

See Lex

BATS looks to longer term for growth

BY STUART ALEXANDER

MAINTENANCE of last year's level of profit by BAT Industries "is as much as we can expect and this will only be achieved with some difficulty," said Mr. Peter Macadam, chairman, at the annual meeting yesterday.

"Nevertheless, looking beyond the immediate future, the underlying growth prospects of the business remain strong," he added.

Main cause of the uncertainty was the world economic outlook, the expected rise in overall taxation from last year's lower-than usual level, and the fluctuations in the value of sterling.

Tobacco division volume continued to increase, and the company had shown its faith in that product with the acquisition of the overseas interests of Lorillard and the impending national launch of cigarettes in the U.K.

Although the High Street price war was eroding retail store profits in the U.K., the Gimbles and Saks Fifth Avenue store chains in the U.S. had a good last quarter in 1977, and Mr. Macadam was confident of better results for the year as a whole.

The slight slowing down in the paper division in the second half of last year had been halted while the cosmetics side was returning to an upward trend.

Mr. Macadam criticised continuing dividend restraint, especially as the shareholdings of industrial companies had been widened through the influence of pension funds and life assurance companies.

He also said that taxation levels in the U.K. were too high for an efficient economy, particularly for managers. "We operate worldwide and we know that job for job the senior British manager is, in real terms, between 30 per cent. and 60 per cent. poorer in purchasing power than his equivalent in the major free world economies with which this country competes," he said.

Rotaflex well placed for upturn

The directors of Rotaflex (Great Britain) are continuing to strengthen the company's management worldwide and to develop additional manufacturing capacity. The pressure on overseas margins, mainly due to currency fluctuations, is likely to continue throughout 1978. However, with its strengthened financial and manufacturing base the company will be able to take full advantage of the economic upturn when it occurs, says Mr. M. J. E. Frye, the chairman.

As reported on February 22, pre-tax profits for 1977 advanced from £1.14m. to £1.53m. on turnover ahead from £13.88m. to £17.87m.

Some 91 per cent. of external turnover of group companies operating outside the U.K. was in Europe. The remainder was in Australia.

The value of goods exported from the U.K., including goods sold to subsidiary and associate companies, amounted to £4.42m.

A statement of source and application of funds shows a £0.4m. (£1.03m.) decrease in working capital.

Meeting, Rotaflex House, E.C. on April 6, at 10 a.m.

FINLAY PKG.

The 1-for-1 scrip issue reported yesterday for Finlay Packaging is not a proposal. The scrip was made last June.

British American & General

In his annual statement, Mr. W. H. Conroy, the chairman of British American and General Trust says that when the time is propitious, the overseas content of the trust, in particular the North American section, will be increased.

Members are told that the trust has considerable liquidity in the shape of gilt-edged holdings, which affords flexibility and is comforting when the world-wide outlook is so uncertain.

As reported on February 6, net earnings improved from £718,880 to £844,355, representing basic earnings of 1.71p (1.48p) per 25p share or 1.69p (1.46p) fully diluted. The dividend is lifted to 1.65p (1.4p) net.

Meeting, 20, Fenchurch Street, E.C., April 7 at 11.30 a.m.

BANK RETURN

—	Wednesday Mar. 15 1978	Inc. (+) or Dec. (—) for week
BANKING DEPARTMENT		
LIABILITIES	£	£
Capital	14,553,000	—
Public Deposits	23,705,751	— 2,951,018
Special Deposits	1,245,880,000	+ 16,560,000
Bankers	257,038,255	— 85,682,389
Reserves & Other A/cs	700,804,026	+ 52,854,305
	2,252,121,032	+ 780,916
ASSETS		
Govt. Securities	1,797,471,088	— 22,050,000
Advances & Other A/cs	272,441,662	+ 35,912,680
Premises, Equip't & other Secs.	173,606,439	+ 15,658
Notes	8,419,009	— 13,079,274
Coin	182,334	— 18,186
	2,252,121,032	+ 780,916
ISSUE DEPARTMENT		
LIABILITIES	£	£
Notes Issued	7,225,000,000	+ 25,000,000
In Circulation	7,216,580,991	+ 38,079,274
In Bank'g Dept.	8,419,009	— 13,079,274
ASSETS		
Govt. Debt	11,015,100	—
Other Govt. Secs.	6,284,296,335	+ 32,469,562
Other Securities	942,688,565	— 7,469,562
	7,225,000,000	+ 25,000,000

MONEY MARKET

Exceptional assistance

Bank of England Minimum Lending Rate 6½ per cent. (since January 6, 1978)

[T]he authorities gave an exceptionally large amount of help to [the] London money market yesterday by buying various bills from [the] discount houses. This included very large purchases of [eli]gible bank bills for the first [tim]e since March last year. The [Ba]nk of England also bought a [sm]all number of local authority [bill]s, and completed the assistance [by] purchasing a very large [am]ount of Treasury bills. A pro[por]tion of the Treasury bills were [bou]ght for resale to the houses at an agreed date in the future.

The method of assistance was very much a reflection of the technical shortage of bills which has been evident in the market for some time, and a growing reluctance of the houses to sell their present holdings of Treasury bills. The amount of help was probably overdone, but this was not reflected in the level of interest rates at the close, which remained very firm.

Discount houses paid 5¾-6¼ per cent. for late funds and some may have balanced their books by taking money at higher rates in the interbank market.

Overnight interbank rates touched 7½-8 per cent. in early trading, and eased to 6¾-7 per cent. before rising to 7½-8 per cent again, and closing at 5-6 per cent.

Banks' brought forward run-down balances, there was a fairly large net take-up of Treasury bills to finance, the authorities held maturing local authority bills, and the major adverse factor was settlement of a very substantial amount of gilt-edged stock bought on Wednesday.

On the other hand, Government disbursements exceeded revenue payments to the Exchequer, and the market was also helped by a slight fall in the note circulation.

Mar. 16 1978	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposit	Treasury Bills ⊕	Eligible Bank Bills ⊕	Fine Trade Bills ⊕
...night	—	5 6	—	—	—	7	5¼ 6½	—	—	—
...ys notice	—	—	6⅛-6¼	—	—	—	—	—	—	—
...ys or	—	—	—	—	—	—	—	—	—	—
...s notice	—	6⅛-6¼	6⅛-6¼	—	6⅛	7	6⅛ 6½	—	—	—
...month	6⅛ 6⅛	6⅛ 6¼	6⅛	6¾ 6⅝	6¾	6¾	6	[illegible]	[illegible]	6⅞-7
...months	[illegible]	[illegible]	—	[illegible]	6⅞	—	6	5⅞	[illegible]	[illegible]
...months	[illegible]	6⅝ 6⅞	6¾-6¾	6⅝-6¼	6⅞ 7	6⅞	6-6⅛	5⅞	[illegible]	6¾-6⅞
...months	6⅞ 6¾	7 7⅛	7⅛-7¼	6¾	7⅛ 7⅛	—	—	—	6⅛-6¾	7⅛
...months	7⅛-7⅛	7⅛-7⅛	—	7¼ 6¾	8	—	—	—	—	—
...year	7⅛ 7⅛	7⅛-7⅛	7¾ 8	7⅛ 7¼	8¼	—	—	—	—	—
...years	—	—	8⅞-9	—	—	—	—	—	—	—

[L]ocal authorities and finance houses seven days' notice, others seven days fixed. Long-term local authority mortgage rate [nomi]nally three years 10 per cent.; four years 10½ per cent.; five years 10½ per cent. ⊕Bank bill rates in table are buying [rates] for prime paper. Buying rates for four-month bank bills 6⅛ per cent.; four-month trade bills 6¾ per cent. [A]pproximate selling rates for one-month Treasury bills 5¹³/₁₆ per cent.; two-month 5²⁹/₃₂-5⅞ per cent.; and three-month 5¹⁵/₁₆ per cent. Approximate selling rate for one-month bank bills 6¹/₁₆ per cent.; two-month 6⁵/₁₆ per cent.; and three-month 6³/₁₆ per cent. One-month trade bills 6½-6⅝ per cent.; two-month 6½-6¾ per cent.; and also three-month 6½-6⅝ per cent. [F]inance House Base Rates (published by the Finance Houses Association) 7 per cent. from March 1, 1978. Clearing Bank [Deposit] Rates (for small sums at seven days' notice) 3 per cent. Clearing Bank Base Rates for lending 6½ per cent. Treasury [Bills:] Average tender rates of discount 5.9130 per cent.

Rank chairman denies radio closure

AT AN otherwise low-key annual meeting yesterday, Mr. Harry Smith, chairman, of Rank Organisation, faced criticism of the company's profit record. One of the few shareholders to speak commented that many of Rank's businesses continued to perform inadequately and the average return on capital had been too low. He encouraged the Board to follow the policy stated in the annual report, not to subsidise indefinitely activities which cannot produce satisfactory profits.

The chairman's opening remarks were aimed at ending speculation over what precisely that policy meant. He said that his words had been construed in some quarters "as indicating that a decision to close Rank Radio International was under active consideration." He denied that this was the case and said that sales of RRI this year had been at a significantly higher level. "The rate of loss has, therefore, been further reduced and we expect to make addition progress during 1978," he said.

As for the group as a whole, Mr. Smith commented: "We are running very close to our earlier predictions and there is every reason to believe that we shall achieve a further improvement of profit before currency adjustments."

But this did not mean that Rank was currently seeking a way round dividend restrictions, as another shareholder requested. Mr. Smith said that the company was relying on a relaxation of dividend controls which was "overdue."

The company will produce an interim set of figures as at April 30, 1978, and, with the usual full comparison for the preceding corresponding period. Thereafter it will produce fully audited year-end figures for the 15-month period ending June 30, 1978.

YEAR-END CHANGE AT UU TEXTILES

The financial year end for UU Textiles is to be changed from April 30 to June 30.

Progress at James Wilkes

AFTER RISING from £126,848 to £230,253 in the first half, pre-tax profits of James Wilkes finished 1977 more than doubled from £231,402 to £471,152 on turnover of £7.7m. compared with £6.67m.

With tax taking £246,381 against £108,074, earnings are shown to be up from 3.3p to 7.2p per 25p share and the dividend total is lifted from 3.425p to 3.75p net with a final of 2.365p.

The group produces business forms including computer stationery; supplies form feeding and handling equipment; and sells computer and punched card accessories and equipment, etc.

Data Recall triples to £122,588

Pre-tax profits for 1977 of Data Recall, Dorking-based manufacturer of the Diamond standalone Word Processing and Text Processing system, tripled from £41,287 to £122,588. Turnover for the year was £611,585 compared with £386,568.

Announcing the figures, Mr. Eric E. Jones, chairman, states that current order books indicate a similar percentage increase for 1978. The 1977 figures include an export content (as basic units) of £171,000 confirming the wide acceptance of the Diamond not only in the U.K. but overseas. The directors confidently expect the export side to at least double in the next 12 months.

Mr. Jones points out that the 1976 figures were themselves double those for 1975—the year Data Recall entered the market as the first new generation Word Processor in Europe. Word Processing is steadily increasing and the Diamond has established a U.K. base installation of more than 150 working units. This is approximately 20 per cent. of the total number of VDU-based word processor systems sold in the U.K.

African Lakes accounts delayed

African Lakes Corporation has changed its AGM date from April 27 to May 18. The dividend will now be paid on May 19.

These changes have arisen because of a delay in finalising the group accounts, occasioned by the transfer of the Malawi interests to a new Malawi subsidiary at current values. The preliminary figures already announced in regard to turnover and profits for the year ended July 31, 1977 are unaffected. It is expected that the accounts will be posted on or about April 14.

It is expected that entitlements under the proposed scrip issue will now be posted on May 26 and dealings in the new shares will commence on May 30.

Current year 'grim' for AF

SHAREHOLDERS in Associated Fisheries were told by Mr. P. M. Tapscott, the chairman, at yesterday's annual meeting that "the current year is grim." The group's efforts to build up the non-fish side were making good progress, but, the chairman said: "The impact on the financial figures this year is unlikely to be sufficient to prevent an overall group loss for the first six months' trading."

He added that he hoped by the time that the interim stage had been reached he would be able to tell shareholders that the worst was over.

Mr. Tapscott said: "I am extremely conscious of the concern of members over the heavy fishing losses sustained in the opening months of the new year and their effect on the group as a whole." However, he added: "We start with the immense advantage of a strong balance sheet which the Board has been at pains to achieve.

"Over the next few years the British fishing industry would undoubtedly alter its composition substantially. We recognise this and plan to play a leading part in its restructuring."

Half the company's assets were invested outside fish catching and it was planned to increase as fast as possible the profits derived from this side of the business. The ultimate goal must be profits from this half of the company sufficient to service the capital and meet a reasonable minimum dividend on the equity.

Planning consent has been granted for the £1m. expansion of the Wolverhampton public cold store. It should be usefully profitable within 18 months.

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available whether dividends concerned are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TO-DAY

Interims: Sidney C. Banks, Bluebird Confectionery, Lister and Co.

Finals: Church, Hall Engineering, Noble and Lund.

FUTURE DATES

Interims—	
Burgess Products	Apr. 7
City and International Trust	Mar 28
London Scottish Finance	Mar. 29
MTD (Mangula)	Apr. 10
Sykes (Henry)	Apr. 6
Finals—	
American Trust	Mar. 28
Appleyard	Apr. 4
BBA	Mar. 30
British Aluminium	Mar. 22
Carpets International	Apr. 12
First Guernsey Securities Trust	Mar. 21
Lane (Percy)	Mar 29
Macfarlane (Clansman)	Apr. 6
Morgan Crucible	Apr. 6
Philips Lamp	Mar. 23
Rotork	Mar. 29
Savoy Hotel	Apr. 4
Scottish Television	Apr. 3
Senior Engineering	Apr. 11
Warne Wright and Rowland	Mar. 30
Western Motor	Mar. 21
Winston Estates	Mar. 30

Small & Tidmas

In the second half of 1977, John C. Small and Tidmas recovered and produced a profit of £95,880. Allowing for the first-half loss, the profit for the year comes out at £78,665, against £93,228.

Turnover of the company, which makes knitted fabrics, etc., improved from £3.27m. to £3.72m. After tax £37,367 (£43,818), net profit was £41,298 (£49,410) for earnings of 3.44p (4.12p). The final dividend is 1p to hold the total at 2p net per 25p share.

MINING NEWS

Latest moves to keep Botrest afloat

BY KENNETH MARSTON, MINING EDITOR

DETAILS are now announced of the financial and marketing restructuring of the disastrous Selebi-Pikwe mining operation of Botswana Concessions which is heavily in debt as a result of technical difficulties and, latterly, the weakness of nickel and copper prices.

It is 15 per cent. owned by the Botswana Government and 85 per cent. by Botswana RST (Botrest), major shareholders in the latter being America's Amax and South Africa's Anglo-American Corporation. Despite increased sales last year, Botrest incurred a loss of Pula 38.54m. (£24.34m.) which increased the accumulated deficit at December 31 to P 102.5m. (£64.73m.).

The loan burden of Botrest at December 31 amounted to P.125m. on which interest of P.36m. had accrued. The company says that the outlook for 1978 "remains sombre," pointing to the expectation of an increase in costs and the low metal prices.

Thus, Botswana Concessions faces "substantial operating losses during 1978" and will thus continue to be unable to repay its indebtedness. Botrest, in turn, will also be unable to repay indebtedness to its principal shareholders with the result that there can be no dividends "in the foreseeable future."

The main points of the restructuring operation are: Amax to take all the nickel-copper matte production; the elimination of large sales commissions to a third party; a reduction in the interest burden via the cancellation of P75m. of debt; standby loans of P51.8m. to Botswana Concessions plus a medium-term facility of P25m. from Barclays Bank; increased royalty payments to the Botswana Government in the shape of a 3 per cent. royalty on metal sales.

Our Johannesburg correspondent reports that whatever the effect on Botrest or its major shareholders the capital restructuring might have, reaction there is that there will be no benefit accruing to ordinary shareholders. Nor is the agony anywhere near finished for the major shareholders who have provided the Botswana nickel-copper producer with the bulk of its debt financing.

They still have further commitments totalling P51.8m. for the mine as it presently stands and another P21.6m. to finance phase two at currently estimated costs. So there is still more good money to be thrown after bad.

There will be some immediate benefit to Botrest from the new marketing agreement which calls for delivery of the whole of the mine's output of nickel-copper matte to Amax. Payments for deliveries will be speeded up.

Perhaps the best measure of how Anglo-American Corporation and its associates view the future is the terms under which Minorco is to advance funds to Zambia Copper Investments to follow its future loan commitments. If Botrest provides ZCI with cash flow, Minorco's minimum return on any future advances will be 20 per cent. And Minorco is hedging its bets by making a first call on ZCI's cash flow from whatever source for repayment of debt principal.

Once Minorco has received an effective 20 per cent. return on its advances it will cream off an additional 25 per cent. of all cash flow to ZCI from Botrest. If these terms are a measure of the Anglo group's views on the mine, the future is far from bright. Botrest were 15p yesterday.

UTAH SUSPENDS 2,000 WORKERS

The industrial dispute at the Central Queensland coal mines of Utah Development, Australia's biggest profit-earner, became more intense yesterday when the company suspended its entire workforce of 2,000 people for 24 hours.

Colliery employees have been in dispute with the management about wage rates, seeking to lift the level of their wages above the statutory industry award from A$23 a week to A$75 (£44.85).

The employees have staged what Utah calls unauthorised strikes in support of their claim, and the company's suspension was in response to this series of actions. The immediate retort of the unions was that they were simply more determined to press their demands.

The labour troubles have had scant effect on the Utah share price which closed yesterday in London at 260p.

CVRD explains bauxite joint venture

THE JOINT venture between Rio Tinto-Zinc and Companhia Vale do Rio Doce (CVRD) at the Vera Cruz bauxite deposits of Paragominas in the Para state of Brazil is a pragmatic venture and does not threaten CVRD's chances of working its own bauxite properties, according to Sr. Eduardo de Carvalho, the director of CVRD's aluminium sector.

His comments came as he publicly explained the reasons for CVRD's involvement with RTZ in a rebuttal of local press criticism, reports Diana Smith from Rio de Janiero.

Last year CVRD took a 36 per cent. stake in Vera Cruz, leaving RTZ with 64 per cent. But CVRD has deposits of its own at Jabuti, south of Parogominas.

The Jabuti reserves are of a lower grade than Vera Cruz, Sr. de Carvalho said, and they have no transport facilities. Further the Vera Cruz reserves would ensure a supply of 1.2m. tonnes of bauxite a year to the developing Alunorte aluminium smelter.

CVRD was apparently glad to take part in the joint venture since it lacked the resources to develop Jabuti, and also because RTZ is not one of the U.S. aluminium majors who, until 1976, controlled Brazilian bauxite reserves.

A feasibility study of Vera Cruz is being drawn up and evidently envisages that for an annual production of 2m. tonnes of bauxite, a budget of $300m. will be needed.

Gold chairmen report

CRITICISM of South Africa's high and discriminatory taxation under the sliding-scale formula of the country's higher profit-earning gold mines comes from Mr. R. A. Plumbridge in his statement with the annual report of East Driefontein, the top-class producer.

Last year the mine's total profits were R155.9m. (£93.8m.) out of which the State took R83.3m. plus R9.1m. in compulsory loan levy. Shareholders received R42.5m. and the rest went on capital spending.

Mr. Plumbridge points out that after deducting the lease consideration payable to the State, East Driefontein's total tax and loan liability was R73.3m., as compared with R58.7m. if the company had been taxed on the same basis as a base-metal producer.

Because of the after-effects of last October's underground fire and the shorter working fortnight, the current year's ore milling rate will again fall short of the plant's monthly capacity of 210,000 tons.

But a higher average of 200,000 tons is expected with a consequent rise in gold output. Because of the difficulty of predicting likely gold prices, Mr. Plumbridge says only that the East Driefontein dividend should be at least maintained this year.

Mining days are now over for Vlakfontein Gold Mining which is concerned with realising redundant assets, notably property, but the treatment of its low-grade dumps could continue for a number of years.

Mr. P. W. J. van Rensburg, the chairman, adds that future distributions should be made by way of capital repayments, rather than dividends, and it is proposed to make a repayment of 10 cents pe rshare as soon as the necessary approvals have been received.

Still fighting to survive in the face of advancing costs and low gold ore grades are South Africa's veteran East Rand Proprietary and Durban Deep mines. Both depend heavily on State aid and, indeed, both have had to take advantage of an additional State loan facility.

In his statements with the respective annual reports, Mr. D. T. Watt, chairman of the two companies says that requests for the loan facility to be extended into 1978 have been turned down. But further applications have been made because without the loan facility, both mines face a possible exhaustion of cash resources and a consequent close-down.

Their main hope is of a continued improvement of the gold price—despite having been in production since 1908 ERPM still has enough ore to keep operations going for many years—but Mr. Watt warns that even a significant rise in the bullion price could be overtaken by further increases in costs.

In the immediate future he sees little hope of ERPM shareholders receiving any benefit from the operations of the mine. And in the case of Durban Deep he says that prospects for a resumption of dividends in the near future are "not encouraging." ERPM shares were 11p down at 385p yesterday while those of Durban Deep fell 19p to 275p.

مكرر من الأصل

BIDS AND DEALS

Reed fails to agree S. African sale

The attempt by Reed International to reduce its debt by selling most of its South African interests to two subsidiaries of Union Corporation has foundered. The British paper and publishing group had been hoping to realise up to £30m. through this deal, and its shares fell by 6p to 112p yesterday on the news.

Reed announced that, after negotiating since January 26 to sell its 62 per cent. interest in Reed Nampak and its 50 per cent. interest in the loss-making Stanger pulp and paper mill to a combination of SAPPI and Kohler Brothers, the talks had been abandoned because it was not possible to structure terms acceptable to all parties.

Mr. David Cormie, the Reed finance director, would not elaborate on the reasons why the negotiations had been dropped and added that to attribute the breakdown in part to difficulties with the investment Rand would be pure speculation.

He said that Reed was very happy to continue running a profitable business—Nampak has just reported excellent figures for 1977. He also said that the Stanger mill's situation was slowly improving and that he hoped this mill would be operating at a profit by the end of the current year.

WIGFALL/COMET

The chairman of Henry Wigfall, the television retail and rental group, has again written to shareholders urging them to reject the take-over bid from Comet Radiovision. Central to the rejection is the argument from the Wigfall board, which claims the support of shareholders representing 45 per cent. of the equity, that the group's TV rental assets alone have a market value of £25m. compared with Comet's bid of around £14.3m.

Wigfall shares closed 3p higher last night at 223p, which makes the bid worth 274p per share with Comet at 106p.

Mr. F. C. B. Morrell, Wigfall's chairman, tells shareholders that the recent increase in Comet's terms "in no way changed your Board's view that this opportunistic offer is wholly unacceptable and should be rejected." He adds that Comet is persisting with its offer because "it realises the value and huge potential of Wigfalls, but wants to acquire it cheaply at the expense of Wigfall's shareholders."

SHARE STAKES

Newman Industries has accumulated an interest of 407,500 shares (10.1875 per cent.) in Wood and Sons (Holdings), the earthenware and packing materials manufacturers.

A large holding was inherited by Newman following the acquisition of Alfred Clough in August, 1976.

Young Companies Invest Trust: Scottish Amicable Life Assurance Society, with sub, now holds 1,768,750 shares (27.21 per cent.).

Peachey Property Corporation: Mrs. C. M. Brown, wife of Mr. J. S. Brown, director, bought 5,000 shares at 72p.

Sanderson Kayser: Interests as follows have been notified. Drayton Consolidated Trust 374,000 shares (6.27 per cent.); Drayton Premier Investment Trust 430,423 shares (7.22 per cent.); Imperial Group 350,000 shares (5.87 per cent.); Prudential Group 341,988 shares (5.73 per cent.); Globe Invest Trust 459,000 shares (7.69 per cent.).

Leaderflush (Holdings): Mr. D. J. Sawyer, director, has become interested in 434,000 shares making total interest 434,440 shares. Dr. A. Chambers, director, has become interested in 2,000 shares making total interest 16,662 shares.

Unochrome International Jorehaut Holdings has bought a further 50,000 shares making total holding 4,085,000.

Duple International: Interests within the control of Mr. G. D. J. Hay, director, have acquired 75,000 shares. Mr. Hay's total interest is now 125,000 shares. Mr. D. Black, director, has disposed of 75,000 shares and he is now interested in 4,171,332 shares (10.1 per cent.).

Arbuthnot Latham Holdings: London Trust Co. has bought 5,000 shares increasing its holding to 340,000 shares (5,009 per cent.).

Customagic Manufacturing Co.—Gagebond, sub of Michael A. Ashcroft Holdings, has bought 90,000 shares at 20p and Mr. M. A. Ashcroft, deputy chairman, declares an interest in such shares.

John I. Jacobs and Co.:—Jacobs and Partners now has a beneficial interest of 2,215,000 shares (9.61 per cent.) having bought 790,000 shares between January 12, 1978 and March 13.

Negretti and Zambra:—I.C.F.C. now holds 217,400 shares (9.99 per cent.) previously 220,000. London Atlantic Investment Trust, in which I.C.F.C. holds more than 33 per cent. of the equity, has disposed of its holding of 60,000 Negretti shares.

Autofagasta (Chili) and Bolivia Railway Co.:—L.E.T. Investments acquired £2,000 preference stock on August 16, 1977 and £5,000 on March 7, 1978 making holding 227,651 stock.

Allied Breweries—F. E. Showering, director, has sold 60,000 shares.

New move in the Airco battle

BY STEWART FLEMING

NEW YORK, March 15.

THE THREAT of a rival bidder wresting control of the U.S. industrial gases producer Airco from BOC International loomed closer to-day when Martin Marietta, a large and diversified company with interests in aerospace and aluminium, announced that it is talking to Airco's representatives.

Wall Street has been boiling with speculation about the possible emergence of a "White Knight" to save Airco from the unwelcome arms of BOC. Yesterday, as arbitrageurs bought Airco stock and bandied around names of possible suitors, Airco's shares rose $4 to $44½. To-day the shares were trading at around $43—the price BOC paid for the 1.8m. shares it bought earlier in the year to raise its stake in Airco to 49 per cent.

Following that acquisition BOC said it wanted to sidestep its agreement with Airco and buy full control of the company—a move which enraged the Airco Board and set it searching for a rival bidder.

If Martin Marietta does decide to make an offer the bid is likely to be heavily conditioned on, amongst other things, a favourable Court decision over-turning BOC's purchase of the 1.8m. Airco shares.

The resolution of what is seen on Wall Street as one of the most complex takeover situations in years may well turn on ruling in the Courts of Delaware where Airco has filed suit charging BOC with deceiving Airco's shareholders by tendering for these shares when it really aimed to go for full control. BOC has filed an answer to that claim and charged Airco with issuing Press releases containing untrue statements on material facts.

Over the past month lawyers for both companies have been in "discovery," the process of seeking evidence to support their case from their opponent's files.

Airco is clearly hoping that it now has enough evidence to win a favourable ruling especially if it has a rival offer on the table.

So far however a key element in this strategy is missing. Martin Marietta has said it is talking to Airco's representatives but has not said it is willing to make a bid. Yet the company is large enough to contemplate spending the $550m. or so it would probably cost to buy Airco for cash.

Last year Martin Marietta earned net profits of $102m. on sales revenues of $1.4bn. It had cash and short term investments of $157m. in its end-1977 balance sheet.

BCA APPROVES

The Board of BCA announces that the scheme of arrangement to effect the acquisition by Associated Portland Cement Manufacturers of the capital of BCA not already owned has been approved.

The scheme has still to be sanctioned by the Court and is expected to become effective on April 21.

TILLING/LINER

The offer by Thomas Tilling for Liner Concrete Machinery has been declared unconditional and remains open. Acceptances have been received for 8,875,430 shares (92.45 per cent.).

AB FOODS

Associated British Foods announces that the Court has approved the scheme of arrangement under which the outstanding Ordinary shares of Meliss were acquired.

JAS. HARRISON

In due course Barratt Developments intends to acquire compulsorily the shares of James Harrison Holdings still outstanding.

Accordingly, Harrison does not intend to obtain a listing for its new Ordinary shares resulting from the scrip issue approved on March 7 and, in consequence, renounceable allotment letters will not be despatched in respect of those shares.

DRUMMOND IN NEGOTIATIONS

The Chief Registrar of Friendly Societies yesterday announced that negotiations are taking place between Drummond Assurance Society and Family Assurance Society with a view to the rights of existing policyholders of Drummond being transferred to Family Assurance. Policyholders of Drummond will shortly be sent particulars of the proposals to be laid before a meeting of the Society.

Drummond Assurance was banned last week by the Chief Registrar from taking on any new business. The Family Assurance Society was registered as a friendly society on May 14, 1975. It has approximately 2,000 members and assets of around £150,000. It writes similar types of linked contracts as Drummond.

WINTOUR

A. A. Clark's recommended offer for Wintour Holdings has bee ndeclared unconditional with 78.2 per cent. acceptances. Also at an extraordinary meeting shareholders of Wintour have approved the capital reorganisation referred to in the offer document. Cheques will be sent to accepting shareholders on April 1.

ASSOCIATE DEAL

Hill Samuel on March 15 sold 25,000 J. H. Fenner at 131p on behalf of a discretionary investment client.

L & G Pensions £300m. expansion

Total funds under management of Legal and General Assurance (Pensions Management), the largest managed pension fund organisation in the U.K., had risen to £750m. by the end of 1977—an increase of £300m. over the year. The funds were boosted by £100m. of new money for investment from clients and £50m. from dividend and rental income. The remainder of the growth came from capital appreciation of the holdings. The number of clients investing in the funds improved by 38 during the year to 338.

The company is a wholly owned subsidiary of Legal and General Assurance, the largest pensions company in Europe. This growth from its four separate funds—equity, fixed-interest, property and mixed—has been achieved in just over six years since its formation.

The mixed fund, based on a combination of equities and fixed-interest securities, is by far the largest of the funds, with an end-year value of over £400m., compared with £235m. at the beginning. The equity content of this fund was increased over the year to 55 per cent. from 50 per cent., but overseas equity holdings were reduced from 8.5 per cent. to 6.3 per cent. The proportion of fixed-interest remained unchanged at 35 per cent., but liquidity was reduced.

The unit price rose by 47 per cent. over the year, compared with a 61 per cent. jump in the FT-Actuaries All Share index and rises of 39 per cent. and 49 per cent. respectively in the medium and long gilt indices. Mr. Keith Hall, head of the company, admitted that the precautionary holding of cash had, on balance, held back the price rise.

The value of the property fund went ahead by £114m. to £283m.—making it the largest pooled property fund for pension scheme investment in the U.K. Its unit price rose by 19 per cent. Properties in the portfolio increased in value to £247m. and gross rental income over the year jumped from £7.9m. to £13.1m.

The equity fund rose in value to £29.1m. from £17.7m. with £2.6m. of this increase coming from new investment and £1.6m. from dividends. The proportion of U.K. equities was lifted to 88 per cent. from 75 per cent. with most of the new money being put in U.K. equities. The fixed-interest fund rose in value to £37.6m. from £25m. with a net cash inflow of £1.2m.

Mr. Hall forecasts increasing investment activity arising from the growth in pension scheme business generated by the implementation of the Social Security Pensions Act 1975. Many schemes, as from next month, will be receiving larger contributions as a result of improving benefits in order to contract-out. The company, as the largest pensions investment manager, is well placed to take advantage of these investment opportunities.

Pirelli Cable surges to peak £8m.

A sharp rise in second-half taxable profit from £2.62m. to £5.04m. enabled Pirelli General Cable Works, an unquoted company, to finish 1977 with a record £8.04m., compared with £4.82m. last time. Sales increased from £69.65m. to £89.18m., representing a real increase in terms of volume.

In accordance with ED19, tax for the year took £2.1m. (£0.31m.). Final dividends absorb £0.6m., making a total cost of £1.3m. (£0.6m.).

After extraordinary debits of £0.25m. (nil) and minorities last time of £55,000, retained profit was ahead from £3.85m. to £4.19m.

After adjusting for inflation in accordance with the interim recommendations of the Accounting Standards Committee, a profit of £1.3m. was earned, after tax and an exceptional £0.2m. charge, compared with a loss on the same basis of £0.2m. in 1976.

INVESTMENT TRUST COMPANIES

The information in the columns below is supplied by the companies named, which are members of The Association of Investment Trust Companies. The figures, which are in pence except where otherwise stated, are unaudited.

Total Assets less current liabilities £million (1)	Company (2)	Shares or Stock (3)	Date of Valuation (4)	Annual Dividend (5)	Net Asset Value after deducting prior charges: at nominal value (6)	Net Asset Value after deducting prior charges: at market value (7)	Investment Currency Premium (see note g) (8)
				Pence except where £ stated (see note d)			
	VALUATION MONTHLY						
140.2	Alliance Trust	Ordinary 25p	28/2/78	7.1	259.3	267.5	27.5
76.9	Anglo-American Securities Corpn.	Ordinary 25p	28/2/78	3.0	112.0	117.6	13.2
115.8	British Investment Trust	Ordinary 25p	28/2/78	4.3	173.1	175.9	19.0
23.9	Capital & National Trust	Ord. & "B" Ord. 25p	28/2/78	*4.0	147.5	150.5	14.0
9.5	Claverhouse Investment Trust	Ordinary 50p	28/2/78	3.5	94.7	94.7	0.2
9.8	Crossfriars Trust	Ordinary 25p	28/2/78	3.3	96.2	96.2	—
14.3	Dundee & London Investment Trust	Ordinary 25p	28/2/78	2.3	76.0	77.5	4.6
82.1	Edinburgh Investment Trust	£1 Deferred	28/2/78	6.73	245.2	259.8	17.6
39.3	First Scottish American Trust	Ordinary 25p	28/2/78	2.85	x106.2	108.4	12.4
10.8	Grange Trust	Ord. Stock 25p	28/2/78	2.1	91.3	95.4	4.7
63.3	Great Northern Investment Trust	Ordinary 25p	28/2/78	3.87	122.8	125.4	7.7
57.9	Guardian Investment Trust	Ordinary 25p	28/2/78	2.35	95.7	100.3	6.8
80.0	Investment Trust Corporation	Ordinary 25p	28/2/78	5.075	237.0	242.8	29.8
73.1	Investors Capital Trust	Ordinary 25p	28/2/78	1.65	88.2	93.3	12.0
17.9	Jardine Japan Investment Trust	Ordinary 25p	28/2/78	0.7	158.5	158.5	38.1
31.4	London & Holyrood Trust	Ordinary 25p	28/2/78	3.2	134.6	138.3	14.6
22.2	London & Montrose Investment Tst.	Ordinary 25p	28/2/78	5.25	222.4	226.6	25.2
41.9	London & Provincial Trust	Ordinary 25p	28/2/78	3.0	129.4	131.9	14.9
97.4	Mercantile Investment Trust	Ordinary 25p	28/2/78	1.25	x47.0	52.1	2.0
	Do. Do.	Conv. Debs. 1983	28/2/78	£4.50	£72.70	£78.10	£2.90
23.9	North Atlantic Securities Corpn.	Ordinary 25p	28/2/78	2.7	106.3	109.3	11.5
46.1	Northern American Trust	Ordinary 25p	28/2/78	2.35	x111.5	114.7	13.3
6.5	Save & Prosper Linked Invest. Trust	Capital Shares	28/2/78	—	153.2	153.2	—
‡107.1	Scottish Investment Trust	Ord. Stock 25p	28/2/78	2.56	113.8	117.6	13.3
54.2	Scottish Northern Investment Trust	Ordinary 25p	28/2/78	2.8	116.4	124.6	8.2
89.4	Scottish United Investors	Ordinary 25p	28/2/78	2.0	99.3	102.9	16.9
46.0	Second Alliance Trust	Ordinary 25p	28/2/78	5.65	220.0	228.0	24.0
3.5	Shires Investment Co.	Ordinary 50p	28/2/78	7.56	140.3	140.3	—
36.9	Sterling Trust	Ordinary 25p	28/2/78	5.3	202.3	209.4	20.8
24.2	Technology Investment Trust	Ordinary 25p	28/2/78	2.25	120.0	121.3	12.4
65.7	United British Securities	Ordinary 25p	28/2/78	3.975	146.2	147.5	14.4
19.1	United States & General	Ordinary 25p	28/2/78	3.94	224.7	230.9	24.3
78.0	United States Debenture Corporation	Ord. Stock 25p	28/2/78	3.32	106.2	110.2	11.5
	Do. Do.	Conv. Loan 1993	28/2/78	£5.00	£116.80	£121.30	£12.70
	Baillie Gifford & Co.						
105.6	Scottish Mortgage & Trust	Ordinary 25p	28/2/78	3.0	181.3	183.6	14.1
52.3	Monks Investment Trust	Ordinary 25p	28/2/78	1.4	59.1	59.9	6.0
13.1	Winterbottom Trust	Ordinary 25p	28/2/78	4.8	228.3	240.7	28.4
	Baring Bros. & Co. Ltd.						
36.1	Outwich Investment Trust	Ordinary 25p	3/3/78	1.265	59.1	63.8	4.0
21.6	Tribune Investment Trust	Ordinary 50p	24/2/78	13.0	811.6	813.9	103.4
	East of Scotland Invest. Managers						
30.5	Aberdeen Trust	Ord. Stock 25p	28/2/78	4.65	150.8	166.3	13.9
	Edinburgh Fund Managers Ltd.						
55.9	American Trust	Ord. & "B" Ord. 25p	28/2/78	†	53.8	55.0	3.8
14.3	Crescent Japan Investment Trust	Ordinary 25p	28/2/78	—	178.9	178.9	36.4
	Electra House Group						
68.2	Electra Investment Trust	Ordinary 25p	28/2/78	4.3	129.2	130.0	6.9
234.9	Globe Investment Trust	Ordinary 25p	31/1/78	4.1	137.7	138.0	3.3
	Do. Do.	Conv. Loan 1987/91	31/1/78	£5.30	£113.10	£113.30	£4.40
	Do. Do.	Conv. Loan 1985/90	31/1/78	£6.25	£158.40	£158.70	£6.10
33.7	Temple Bar Investment Trust	Ordinary 25p	28/2/78	9.5	221.2	225.6	5.9
	Do. Do.	Conv. Loan 1985/90	28/2/78	£5.75	£126.10	£128.80	£3.40
	Do. Do.	Conv. Loan 1987/91	28/2/78	£6.00	£95.10	£97.00	£2.50
	F. & C. Group						
16.5	Alliance Investment	Ordinary 25p	28/2/78	2.45	119.4	123.8	10.5
20.6	Cardinal Investment Trust	Deferred 25p	28/2/78	3.9	135.7	140.8	13.0
	Do. Do.	Conv. Loan 1985/87	28/2/78	£6.00	£109.90	£114.10	£8.90
6.1	F. & C. Eurotrust	Ordinary 25p	28/2/78	0.83	61.6	61.6	10.6
157.8	Foreign & Colonial Invest. Trust	Ordinary 25p	28/2/78	3.77	189.4	197.5	24.7
†	General Investors & Trustees	Ordinary 25p	28/2/78	†	†	†	†
	James Finlay Investment Mgmt. Ltd.						
1.6	Provincial Cities Trust	Ordinary 25p	28/2/78	1.3458	33.6	33.6	—
	Gartmore Investment Ltd.						
6.1	Altifund	Income 50p	28/2/78	7.2	102.1	102.1	4.2
	Do. Do.	Capital 50p	28/2/78	0.36	226.8	226.8	4.2
22.5	Anglo-Scottish Investment Trust	Ordinary 25p	28/2/78	1.6	52.3	54.4	3.5
23.5	English & Scottish Investors	Ord. & "B" Ord. 25p	28/2/78	*2.45	82.6	88.0	3.1
6.5	Group Investors	Ordinary 25p	28/2/78	1.7	68.0	71.4	4.7
4.5	London & Gartmore Invest. Trust	Ordinary 50p	28/2/78	0.5	76.9	80.3	5.6
10.0	London & Lennox Invest. Trust	Ord. & "B" Ord. 25p	28/2/78	*2.1	85.9	89.6	7.8
20.2	London & Lomond Invest. Trust	Ordinary 25p	28/2/78	2.4	87.2	89.5	5.6
9.5	London & Strathclyde Trust	Ordinary 25p	28/2/78	1.375	46.5	50.2	4.2
10.6	Meldrum Investment Trust	Ordinary 25p	28/2/78	1.85	52.5	52.5	0.3
5.7	New York & Gartmore Investment	Ordinary 25p	28/2/78	0.4	32.3	32.8	3.0
	Gartmore Investment (Scotland) Ltd.						
64.5	Scottish National Trust	Ordinary 25p	28/2/78	3.45	169.2	172.7	18.4
15.6	Glasgow Stockholders Trust	Ordinary 25p	28/2/78	2.4	118.9	120.9	13.0
	John Govett & Co. Ltd.						
74.7	Border & Southern Stockhldrs. Tst.	Ordinary 50p	28/2/78	7.5	356.4	363.5	33.5
33.2	Debenture Corporation	Ordinary 25p	28/2/78	3.2	103.1	105.5	5.8
10.7	General Stockholders Invest. Trust	Ordinary 12½p	28/2/78	1.7	127.3	138.3	17.2
‡20.1	Govett European Trust	Ordinary 25p	28/2/78	1.8	82.8	82.8	5.2
54.4	Lake View Investment Trust	Ordinary 25p	28/2/78	2.1	110.6	114.4	10.3
	Do. Do.	Conv. Loan 1973/98	28/2/78	£4.00	£147.50	£152.50	£13.80
54.7	Stockholders Investment Trust	Ordinary 25p	28/2/78	2.05	113.0	117.8	11.7
	G.T. Management Ltd.						
13.2	Berry Trust	Ordinary 25p	28/2/78	0.875	72.1	72.1	3.5
	Do. Do.	Conv. Loan 1993	28/2/78	£4.25	£104.60	£104.60	£5.10
‡14.8	G.T. Japan Investment Trust	Ordinary 25p	28/2/78	1.0	x145.3	x144.8	x11.8
	Do. Do.	Conv. Loan 1987	28/2/78	£8.50	£90.40	£92.30	£7.30
6.3	Northern Securities Trust	Ordinary 25p	28/2/78	3.0	136.7	142.3	11.0
	Hambros Group						
21.4	Bishopsgate Trust	Ordinary 25p	28/2/78	5.25	213.5	222.8	10.8
3.7	City of Oxford Investment Trust	Ordinary 25p	28/2/78	3.0	79.1	82.1	—
43.1	Hambros Investment Trust	Ordinary 25p	28/2/78	3.25	113.8	124.1	7.7
6.0	Rosedimond Investment Trust	Capital 25p	28/2/78	—	101.2	101.2	1.7
	Henderson Administration Ltd.						
‡117.3	Witan Investment	Ord. & "B" Ord. 25p	28/2/78	*2.1	x104.2	109.3	x11.0
18.7	Electric & General Investment	Ordinary 25p	28/2/78	1.45	88.9	88.0	10.0
55.8	Greenfriar Investment	Ordinary 25p	28/2/78	1.45	104.0	104.0	9.4
6.2	Lowland Investment	Ordinary 25p	28/2/78	2.1	60.0	60.0	1.6
2.1	English National Investment	Prefd. Ord. 25p	28/2/78	1.74	32.4	33.3	—
	Do. Do.	Defd. Ord. 25p	28/2/78	2.06	54.7	58.4	—
	Philip Hill (Management) Ltd.						
18.3	City & International Trust	Ordinary 25p	28/2/78	4.07	114.2	118.0	7.0
10.1	General & Commercial Inv. Trust	Ordinary 25p	28/2/78	†	157.6	167.2	9.4
20.9	General Cons. Investment Trust	Ordinary 25p	28/2/78	3.75	98.8	99.4	5.0
116.2	Philip Hill Investment Trust	Ordinary 25p	28/2/78	6.9	211.0	214.9	5.6
4.5	Moorgate Investment Co.	Ordinary 25p	28/2/78	3.055	94.2	96.5	1.1
34.4	Nineteen Twenty-Eight Inv. Trust	Ordinary 25p	28/2/78	7.55	235.8	244.5	20.2
	Ivory & Sime Ltd.						
88.5	Atlantic Assets Trust	Ordinary 25p	28/2/78	0.4	114.2	120.5	18.3
96.5	British Assets Trust	Ordinary 25p	28/2/78	2.2	80.2	85.9	10.9
32.2	Edinburgh American Assets Trust	Ordinary 25p	28/2/78	1.1	116.7	119.8	23.1
13.1	Viking Resources Trust	Ordinary 25p	28/2/78	0.9	111.3	111.3	11.3
	Keyser Ullmann Ltd.						
11.2	Throgmorton Secured Growth Tst.	£1 Capital Loan Stock	28/2/78	—	—	161.5	—
37.2	Throgmorton Trust	Ordinary 25p	28/2/78	4.375	78.8	80.8	—
	Kleinwort Benson Ltd.						
24.8	British American & General Trust	Ordinary 25p	28/2/78	1.65	47.4	48.4	2.1
19.5	Brunner Investment Trust	Ordinary 25p	28/2/78	3.55	113.9	118.6	7.3
28.7	Charter Trust & Agency	Ordinary 25p	28/2/78	2.15	65.5	67.5	4.9
37.3	English & New York Trust	Ordinary 25p	28/2/78	2.6	87.7	89.5	6.5
3.8	Family Investment Trust	Ordinary 25p	28/2/78	3.83	86.2	86.2	0.1
2.7	Jos Holdings	Ordinary 25p	28/2/78	2.04	54.8	54.8	1.7
5.5	London Prudential Invest. Trust	Ordinary 25p	28/2/78	2.75	86.8	89.4	5.6
44.9	Merchants Trust	Ordinary 25p	28/2/78	2.6	82.5	86.1	8.0
	Lazard Bros. & Co. Ltd.						
47.0	Raeburn Investment Trust	Ordinary 25p	28/2/78	3.7	148.9	154.9	10.1
‡36.5	Romney Trust	Ordinary 25p	28/2/78	2.65	105.6	107.9	11.1
	Martin Currie & Co., C.A.						
10.1	Canadian & Foreign Invest. Trust	Ordinary 25p	28/2/78	3.35	133.4	137.3	12.8
18.1	St. Andrew Trust	Ordinary 25p	28/2/78	4.13	140.9	145.7	14.0
88.5	Scottish Eastern Investment Trust	Ordinary 25p	28/2/78	4.05	152.4	158.3	19.4
22.7	Scottish Ontario Investment Co.	Ordinary 25p	28/2/78	4.0	154.4	157.0	20.1
51.2	Securities Trust of Scotland	Ordinary 25p	28/2/78	5.65	204.5	223.0	23.4
2.9	Western Canada Investment Co.	Ordinary 25p	28/2/78	16.0	643.5	648.5	73.1
	Murray Johnstone Ltd.						
40.7	Caledonian Trust	Ord. & "B" Ord. 25p	28/2/78	*1.6	89.3	92.7	13.1
61.7	Clydesdale Investment Trust	Ord. & "B" Ord. 25p	28/2/78	*1.675	86.0	88.8	12.8
13.0	Glendevon Investment Trust	Ord. & "B" Ord. 25p	28/2/78	*1.65	111.1	113.7	18.0
6.0	Glenmurray Investment Trust	Ord. & "B" Ord. 25p	28/2/78	*1.7	86.8	86.8	11.6
16.1	Scottish & Continental Investment	Ordinary 25p	28/2/78	1.2	74.6	74.6	10.7
68.5	Scottish Western Investment	Ord. & "B" Ord. 25p	28/2/78	*2.2	107.2	112.2	15.5
23.2	Second Great Northern Invest.	Ord. & "B" Ord. 25p	28/2/78	*1.75	97.2	100.7	14.7
	Schroder Wagg Group						
19.1	Ashdown Investment Trust	Ordinary 25p	28/2/78	3.4	161.4	167.9	16.8
	Do. Do.	Conv. Loan 1988/93	28/2/78	£4.73	£112.90	£117.30	£11.80
27.0	Broadstone Investment Trust	Ordinary 20p	28/2/78	4.3	175.2	183.0	17.1
	Do. Do.	Conv. Loan 1988/93	28/2/78	£4.30	£116.80	£122.00	£11.40
‡48.4	Continental & Industrial Trust	Ordinary 25p	28/2/78	5.75	226.4	237.0	16.5
28.8	Trans-Oceanic Trust	Ordinary 25p	28/2/78	4.2	208.1	209.5	22.1
	Do. Do.	Conv. Loan 1988/93	28/2/78	£4.30	£126.90	£130.90	£13.80
11.9	Westpool Investment Trust	Ordinary 25p	28/2/78	2.65	123.2	126.5	12.8
	Do. Do.	Conv. Loan 1989/94	28/2/78	£6.00	£110.80	£113.90	£11.40
	Stewart Fund Managers Ltd.						
69.4	Scottish American Investment Co.	Ordinary 50p	28/2/78	2.6	98.5	99.8	3.3
11.8	Scottish European Investment Co.	Ordinary 25p	28/2/78	1.2	49.4	49.4	2.0
	Touche Remnant & Co.						
91.2	Atlas Electric & General Trust	Ordinary 25p	28/2/78	1.6	72.3	78.3	4.0
28.5	Bankers' Investment Trust	Ordinary 25p	28/2/78	2.3	66.5	71.4	4.3
28.7	Cedar Investment Trust	Ordinary 25p	28/2/78	2.5	79.8	82.2	8.3
37.3	City of London Brewery	Deferred 25p	28/2/78	2.4	70.6	74.8	1.3
27.3	Continental Union Trust	Ordinary 25p	28/2/78	2.83	140.3	145.8	11.6
14.3	C.L.R.P. Investment Trust	Ordinary 25p	28/2/78	1.9	82.7	86.7	5.9
157.9	Industrial & General Trust	Ordinary 25p	28/2/78	1.43	62.6	64.9	4.2
34.2	International Investment Trust	Ordinary 25p	28/2/78	2.34	90.5	95.7	6.5
46.7	Sphere Investment Trust	Ordinary 25p	28/2/78	2.9	134.0	138.7	11.7
57.2	Trustees Corporation	Ordinary 25p	28/2/78	4.0	167.5	173.2	7.7
32.1	Trust Union	Ordinary 25p	28/2/78	2.8	126.3	130.7	6.8
	Williams & Glyn's Bank Ltd.						
‡13.0	Sizewell European Invest. Trust	Ordinary 10p	28/2/78	1.5	92.9	92.9	8.3
‡3.3	Atlanta Baltimore & Chicago	Ordinary 10p	28/2/78	0.5	60.0	60.0	3.1
‡3.9	West Coast & Texas Regional	Ordinary 10p	28/2/78	0.75	72.3	72.3	4.8
	VALUATION THREE-MONTHLY						
5.7	Kingside Investment Co.	Ordinary 25p	31/12/77	2.25	59.0	59.0	0.2
11.0	Safeguard Industrial Investments	Ordinary 25p	31/12/77	3.6	93.3	96.9	—
	City Financial Administration Ltd.						
4.3	Acorn Securities	Capital Ord. 1p	28/2/78	—	92.1	92.1	6.7
17.4	General Funds Investment Trust	Ordinary 25p	27/2/78	4.7	190.8	195.2	10.3
	Do. Do.	Conv. Ord. 10p	27/2/78	—	164.1	167.9	8.9
14.1	"Investing in Success"	Ordinary 25p	7/3/78	2.904	167.4	171.0	12.0
	Drayton Montagu Portfolio Mangmt.						
78.8	Drayton Premier Investment	Ordinary 25p	28/2/78	6.7	234.2	244.2	21.2
	Do. Do.	Conv. Loan 1993	28/2/78	£7.50	£151.10	£157.60	£13.70
	Do. Do.	"A" Conv. Loan 1993	28/2/78	£7.50	£150.90	£157.40	£13.70
66.8	Drayton Consolidated Trust	Ordinary 25p	28/2/78	4.7	180.0	187.3	15.7
	Do. Do.	Conv. Loan 1993	28/2/78	£7.50	£143.90	£149.80	£12.50
	Do. Do.	"A" Conv. Loan 1994	28/2/78	£6.50	£146.20	£152.20	£12.70
	Do. Do.	"B" Conv. Loan 1994	28/2/78	£6.50	£149.30	£155.40	£13.00
46.8	Drayton Commercial Investmt. Co.	Ordinary 25p	28/2/78	4.5	162.3	167.4	12.4
	Do. Do.	Conv. Loan 1986	28/2/78	£6.25	£129.80	£133.90	£10.00
12.9	English & International Trust	Ordinary 25p	28/2/78	3.5	108.2	114.6	9.8
	Do. Do.	Conv. Loan 1986	28/2/78	£7.00	£131.20	£138.80	£11.90
8.4	Colonial Securities Trust	Deferred 25p	28/2/78	8.1	311.6	326.5	28.5
6.9	British Industries & Gen. Inv. Tst.	Deferred 25p	28/2/78	3.4	132.1	135.8	14.4
	Do. Do.	Conv. Loan 1994	28/2/78	£6.50	£146.70	£150.90	£16.00
5.0	Drayton Far Eastern Trust	Ordinary 25p	28/2/78	0.9	41.4	41.4	7.1
2.1	City & Foreign Investment Co.	Ordinary 25p	22/2/78	—	53.4	53.4	14.1
3.6	Montagu Boston Investment Trust	Ordinary 10p	22/2/78	0.875	55.6	55.6	6.7
	East of Scotland Investment Mangrs.						
10.4	Dominion & General Trust	Ordinary 25p	28/2/78	6.75	222.4	231.9	23.1
26.2	Pentland Investment Trust	Ordinary 25p	28/2/78	4.05	138.9	143.2	13.6

* Applies to Ordinary/"A" Ordinary only. § Includes special dividend. sc Adjusted for scrip issue. rr Adjusted for rights issue. † Company will announce year-end or first results shortly. x See note (b) below. ⊘ Not directly comparable with previous published figure. B Dependent on "B" share conversions. ‡ Change in the prior charges since the previous published figure.

Notes:—

Cols. 1, 6, 7 Quoted investments are valued at mid-market prices; unquoted at directors' valuation; both include 100 per cent. of any investment currency premium after taking into account the premium on any surplus or on any shortfall of foreign currency assets against foreign currency loans.

Cols. 1, 6, 7 All revenue account items are excluded.

Cols. 1, 6, 7 No account has been taken of any liability in respect of taxable gains which might arise on future disposal of investments.

Cols. 5-8 Amounts are per share/stock unit or per £100 Convertible Loan Stock. Column 5 precisely stated: columns 6-8 to nearest one-tenth of a penny per share and 10p per £100 Convertible Loan Stock.

Col. 5 Dividend is the last declared annual dividend or firm forecast, excluding investment credit. Interest on loan stocks is stated gross of income tax.

Cols. 6-7 Prior charges are deemed to include preference share capital.

Col. 8 The amount per share/stock unit represented by 100 per cent. of the investment currency premium applied in calculating the valuation for Cols. 1, 6 and 7.

Cols. 6-8 Convertible loan/preference stocks are treated in the way which produces the lower n.a.v. per share. Convertible stocks are treated as fully converted at the rate for the next conversion date, or where a figure is marked "x" as prior charges; warrants or subscription rights are treated as unexercised.

AMENDMENT to table published 17 February:
Valuation Monthly: US & General Cols. 1, 6 & 7 should have read 19.3; 226.9 and 233.1 respectively.

COMPANY ANNOUNCEMENT

BOTSWANA RST LIMITED

(Incorporated in Botswana)

PRELIMINARY RESULTS FOR THE YEAR ENDED DECEMBER 31, 1977 OF THE COMPANY AND ITS SUBSIDIARIES

	Year ended December 31 1977	Year ended December 31 1976
PRODUCTION AND SALES (Metric tons)		
Production at mine		
Copper/Nickel matte	30,772	32,506
Sales		
Nickel	13,386	12,064
Copper	12,451	10,106
Cobalt	157	76
CONSOLIDATED INCOME STATEMENT		
(Stated in thousands of Pula)	P000's	P000's
Total sales	68,540	64,041
Operating loss	3,884	(324)
Interest and other charges for borrowed money	27,776	25,866
(Profit) Loss on currency exchange fluctuations	(3,084)	245
Provision for retrospective effect of restructuring agreements	1,014	
Additional royalty payable under revised mining lease	997	
Settlement of refining claim	1,250	
Other minor items	(194)	(71)
Net loss on current operations	31,643	25,716
Exploration expenditure on prospecting areas abandoned	3,439	3,447
Minimum royalty relating to the year 1975		750
Net loss before extraordinary items	35,082	29,913
Extraordinary items relating to prior years	3,733	
Net loss after extraordinary items	38,815	29,913
Attributable to a minority shareholder in a subsidiary company	(279)	(519)
Loss attributable to the shareholders of Botswana RST Limited	38,536	29,394
Accumulated deficit at beginning of year	63,961	34,567
Accumulated deficit at December 31, 1977	102,497	63,961
Loss attributable to the shareholders of Botswana RST Limited converted into sterling and U.S. dollars		
Converted into sterling at the rate of P1 = pounds 0.6315 (1976 P1 = pounds 0.6763)	Pounds 000's 24,335	Pounds 000's 19,879
Converted into U.S. dollars at the rate of P1 = U.S. dollars 1.20 (1976 P1 = U.S. dollars 1.15)	$000's 46,244	$000's 33,802

CAPITAL EXPENDITURE AND COMMITMENTS

	Year ended December 31 1977 P000's	Year ended December 31 1976 P000's
Capital expenditure	2,766	3,052
Capital commitments	3,055	359
Capital expenditure approved by the directors but not committed	20,133	876

REVIEW OF OPERATIONS

Production of matte by BCL Limited ("BCL") the company's 85 per cent owned subsidiary and only operating entity was slightly lower at 30,772 tonnes compared to 32,506 tonnes in 1976.

However, production in the last six months of this year was 19,307 tonnes, as compared with 17,264 tonnes in the second half of 1976, the previous record for half yearly production. Performance in the first six months of 1977 was affected by the condition of the flash smelter and the associated equipment and by the normal smelter shutdown.

Probably the most serious factor affecting the financial performance of the company has been the decline in the price of nickel. In 1977 the price in West Germany rose briefly to approximately U.S. $2.35 per pound and then steadily declined to below U.S. $1.90. In addition, the London Metal Exchange copper price, which stood at $0.61 per pound at the close of 1976 slumped during the year to a low of U.S. $0.51 per pound and ended the year at U.S. $0.57. Despite the fact that major producers cut production during 1977, there is still a serious amount of overproduction of both nickel and copper which has aggravated the problem of large inventories of each metal already overhanging the market.

On balance the outlook for 1978 remains sombre. While production of matte is expected to continue at least at the rate achieved during the last six months of 1977 there will nevertheless be an increase in operating costs. No significant increase in the nickel and copper prices can be foreseen during 1978 and without significant increases BCL is forecast to incur substantial operating losses throughout 1978. As a result BCL will continue to be unable to repay its indebtedness to the company and the company will be unable to repay its indebtedness to the principal shareholders, with the consequence that no dividends will be paid by the company in the foreseeable future.

RESTRUCTURING OF BCL'S SALES AND FINANCIAL ARRANGEMENTS

After protracted negotiations among the Government of Botswana, the major lenders to BCL and the company's principal shareholders, agreements were concluded on March 16, 1978 for the restructuring of BCL's sales and certain of its financing arrangements.

The revised agreements will be described in the forthcoming annual report for the year ended December 31, 1977, and are briefly summarised below for the information of members.

(I) SALES ARRANGEMENTS

An agreement has been concluded by BCL with Amax Nickel Inc. (Amax Nickel) which completely replaces BCL's former sales arrangement. Under the new agreement all of BCL's production is sold as matte to Amax Nickel as compared with the previous arrangement where BCL had an assured outlet for only two thirds of its nickel production. In addition, the high sales commissions previously paid to Metallgesellschaft AG (MG) are no longer payable. In addition, the claim of Amax of $8.59 million in respect of the shortfall of delivery of matte has been settled at $1.5 million and various claims made by MG have been settled by the payment to MG of $450,000 of which $180,000 was paid by Amax.

(II) PREPAYMENT TO MAJOR LENDERS

The outstanding balances of the loans from Kreditanstalt fur Wiederaufbau (KFW) and The Industrial Development Corporation of South Africa Limited have been respectively reduced from DM 199.8 million to DM 152.4 million and from R8.53 million to R6.48 million by prepayments without premium. The prepayment of the KFW loan has reduced BCL's future exposure to appreciation of the German Mark.

(III) SUPPORT BY PRINCIPAL SHAREHOLDERS

In addition to substantial new guarantees of and commitments with respect to BCL's obligations referred to below, the principal shareholders of the company, Amax Inc. and Anglo American Corporation of South Africa Limited and certain of its associated companies, together with the company have agreed with the major lenders to provide two additional measures of financial support either directly or through guaranteed loans. The first is a standby commitment of up to P41.795 million, to meet any of BCL's cash requirements during the period ending December 31, 1981, other than for pollution and for phase II of BCL's mining project (development of a second mine at Selebi). The second is a direct commitment to provide up to P10 million until December 31, 1983, for measures designed to abate pollution. The commitment of the principal shareholders and the company to finance the completion of phase II (currently estimated to cost about P21.6 million) remains unchanged.

(IV) ROYALTIES

Effective January 1, 1977 a royalty of three per cent of the gross value of the recoverable nickel, copper and cobalt contained in the matte sold by BCL will be payable to the Government of Botswana on a semi-annual basis. This change effectively represents a substantial increase from the previous royalty arrangements which provided for a royalty based on profits subject to a minimum of P750,000 per year.

The principal shareholders have agreed that during the first three years of the new arrangement, if BCL experiences a cash deficiency, BCL will issue promissory notes in lieu of royalty which will be severally guaranteed by the principal shareholders, and the principal shareholders will also purchase the notes at par from the government if so requested.

(V) CHANGES IN CAPITAL STRUCTURE

P75 million of BCL's existing subordinated indebtedness to the company was cancelled and a corresponding amount of the company's indebtedness to the principal shareholders (which bears interest at a compound rate of 4 per cent over the relevant prime rate) has also been cancelled against the allotment by BCL of P75 million of its 10 per cent cumulative redeemable preference shares of P1 each to the principal shareholders. These transactions substantially reduce the interest and debt burden on the company and BCL.

(VI) LOANS FROM BARCLAYS BANK

BCL has arranged with Barclays Bank International Limited and Barclays Bank of Botswana Limited a P25 million medium term facility secured by matte at minehead and in transit and by unpaid invoices in respect of matte sold. The repayment of any balance in excess of 90 per cent of the value of matte and 100 per cent of invoices, which is expected normally to be a substantial amount, will be unconditionally guaranteed severally by the principal shareholders.

The company has arranged with Barclays Bank of Botswana Limited for the extension of its P6.5 million term loan to March 15, 1983.

(VII) TRUST DEED

The limitations on BCL's ability to borrow which are contained in the Trust Deed, have been substantially eased.

(VIII) COMPLETION OF PHASE I

In terms of the completion tests agreed with the major lenders, which were amended as part of the restructuring to eliminate the requirement to produce sulphur, BCL has now completed phase I of the project. This terminates the obligations of the company and the principal shareholders to finance completion of phase I. However, as noted above, the company and the principal shareholders have entered into new obligations to support BCL and remain obligated to assist BCL to complete phase II of the mining project.

(IX) FUNDING

BCL's cash shortfall during 1977 has been substantially funded by loans from the company which have in turn been advanced by the principal shareholders. At December 31, 1977 the total shareholders' loans to the company totalled P123 million (1976: P115 million) excluding accrued interest of P45 million, (1976: P29 million). In turn, at December 31, 1977, P125 million in loans had been advanced to BCL (1976: P120 million) on which interest of P36 million (1976: P24 million) had accrued to December 31, 1977. On March 16, 1978 P75 million of the indebtedness of BCL and of the company was cancelled against the allotment of the preference shares described above.

SUMMARY

The directors believe the restructuring, considered as a whole, should be advantageous to BCL and the company in that:

— sale of total production of BCL's matte has been assured and receipt of sales proceeds accelerated,
— large sales commissions to a third party have been eliminated,
— BCL's currency risk and the company's and BCL's interest burdens have been reduced,
— a significant amount of BCL's subordinated debt has been capitalised as preference shares,
— limitations on BCL's ability to borrow have been eased,
— completion tests and restrictions on payment of debt and dividends in various loan agreements have been modified in favour of BCL and the company, and
— disputes with Amax and MG have been resolved.

Partially offsetting these advantages are substantial increases both in royalties payable to the Government of Botswana and in the charges in connection with the refining of matte produced by BCL.

J. H. Foreman } Directors
J. D. Taylor }

Botsalano House
The Mall, Gaborone
Botswana

17th March, 1978

INTL. FINANCIAL AND COMPANY NEWS

AMERICAN NEWS

Interpool agrees to purchase by Dutch group

NEW YORK, March 16.

INTERPOOL says that an agreement has been reached providing for the acquisition of Interpool by Thyssen-Bornemisza NV the major Dutch international industrial holding company.

Subject to satisfactory review until April 7 by Thyssen-Bornemisza of Interpool's business, the agreement contemplates either a purchase of assets by July 31, 1978, or a tender offer for all outstanding Interpool shares to start no later than August 1, 1978, and the purchase of all the common stock owned by Interpool top management which holds about 38 per cent. of the company's 2m. outstanding shares.

All Interpool shareholders or those tendering their shares would receive $40 net cash a share.

Interpool said its top management has agreed to recommend either transaction to shareholders and will seek any required shareholder approval.

If there is a tender offer Thyssen-Bornemisza is entitled to condition its offer upon the receipt of 85 per cent. of Interpool's total outstanding common stock.

AP-DJ

U.K. operations of Heinz hit by price cutting war

NEW YORK, March 16.

H. J. HEINZ director Mr. Paul F. Renny, said here that the canned food group is experiencing problems in its British and Canadian operations. But he said that gains in profit in 1978 will be aided by a "strong performance" from the U.S. side.

The U.K. unit has lost market shares this year and, although its profits rose by 5 per cent. in the nine months to January 25, sales have been hindered by the price cutting battle now being fought out by the leading grocery store chains.

However, Mr. Renny is convinced that the "fiercely competitive atmosphere" among the grocery chains cannot last much longer and expects 1979 to be a better year for the group's U.K. operations.

The U.S. food giant has previously forecast further gains this year on the net earnings of $83.2m. or $3.55 a share on sales of $1.9bn, achieved in the previous year. At the nine month stage, the group reported a 20 per cent. gain in earnings to $63.2m. or $2.68 a share.

In Canada, Heinz is experiencing a "standstill year" in terms of profitability but expects to see improvement next year, said Mr. Renny.

Gains in volume sales in the U.S. have provided much of the boost for Heinz so far this year. Marketing expenditures had more than doubled at the half way stage, and the group has stressed its aim to increase market share of existing products. Cost-reduction programmes were also referred to as a factor "favourably affecting operating margins."

In the U.K., Heinz is currently committed to a £1½m. advertising campaign aimed at boosting the market for canned pasta, of which Heinz currently has about 70 per cent.

In answer to questions, Heinz officials defended the opening of a new fructose plant by its Hubinger Company unit in the face of depressed fructose prices.

They said Heinz may use some of the plant's production internally, and noted that if the soft drink industry begins using fructose as a sweetener, prices could "turn around overnight."

Alcan drops U.S. smelter plan

BY ROBERT GIBBENS

MONTREAL, March 16.

ALCAN Aluminium's president, Mr. David Culver, speaking after to-day's annual meeting said that Alcan is "unlikely" to be interested in any further attempt to buy a U.S. smelter after the "time-consuming" experience trying to buy the Revere Copper Group's aluminium business.

The possibility of building a "greenfields" smelter in the U.S.—where the company now does $1bn. of business annually—is still an option, he said, but costs would have to be compared strictly against those of Canadian smelting.

Alcan is, however, considering several small acquisitions in the U.S., in the fabricating area.

Mr. Nathanael Davis, chairman, earlier told the annual meeting that the company should show better first-quarter results when the figures are available late in April.

In the first quarter of 1977, the company earned $C35.5m. ($U.S.31.6m.) or 88 cents a share on sales of $C698.8m. ($U.S.621.3m.).

"We feel confident we will be reporting a higher volume of sales and higher profits than in the first quarter of 1977."

He forecast an average 5 per cent. annual growth in primary aluminium consumption in the next ten years, compared with a compound 8 per cent. growth rate over the past 50 years.

The slowdown is due to slower economic growth in major industrial countries, a slower-than-expected growth in lesser developed areas, and progress being made in recycling, which will have "some impact" on demands for primary metal.

Brazilian deal likely for Int. Harvester

By Diana Smith

RIO DE JANIERO, March 16.

WITHIN 30 days International Harvester is expected to purchase 43 per cent. of the shares in Industrial de Maquinas Agricolas Ideal SA (Ideal Farm Machinery) Industry—a company which currently holds 15 per cent. of the Brazilian market for harvesting machines.

Ideal was recently authorised by its shareholders to increase its capital from Cr.50m. (about $3m.) to Cr.160m. ($9.6m.), through subscription of $4.53m. worth of ordinary shares and $2.1m. of preference shares. Under Brazil's public companies law, once subscription is announced, the Board must wait 30 days for its shareholders to subscribe. If they do not, the option is offered to a third party—in this case, International Harvester.

The other Ideal shareholders are Embraec (Brazilian mechanical enterprises) a subsidiary of the Brazilian National Development Bank and the German group FAHR. They would increase their shareholding in Ideal in order to ensure a Brazilian majority.

Ideal hopes to produce 3,080 harvesters in 1978, worth a total of $189m.

Meanwhile, Volkswagen is to invest a total of $800m. in Brazil in the next five years—some $160m. a year. This investment is principally geared to development of new car models and launching Volkswagen's small lorry.

According to the president of Volkswagen of Brazil, Mr. Wolfgang Sauer, approval of an investment of this size is proof of Brazil's credibility in Germany.

Moran sells N. Sea stake

WICHITA FALLS, March 16.

MORAN BROS. reports that Norcem AS, the Norwegian building materials and engineering concern, plans to buy a 17 per cent. interest in Moran's operations in the Norwegian sector of the North Sea.

The company's foreign subsidiaries currently operate or maintain drilling equipment owned by the Ekofisk Group, located on six fixed platforms in the Ekofisk, West Ekofisk, Cod and Tor fields.

Moran will hold a special Board meeting to act upon the proposed sale, and if it is approved by Moran's Board, definitive contracts should be signed as soon as practicable.

Reuter

Record by Allied Stores

NEW YORK, March 16.

WITH THE upturn in consumer spending continuing into the Christmas season, Allied Stores had the best quarter in its history in the fourth quarter ended January 28.

Net income jumped from $40.4m. to $48m., or from $2.13 to $2.43 per share in the fourth quarter. Sales were ahead from $600m. to $657m.

These record results lifted full year net income from $62.4m. or $3.14 per share to $74.2m. or $3.61 per share. Sales rose from $1.8bn. to $1.9bn.

AP-DJ

Dayton Hudson rise

Dayton Hudson Corporation reports fourth quarter net profit of $43m., or $2.68 a share against $36m. ($2.23 a share) in the same 1976 period. Revenues came to $733m., up from $633m., reports AP-DJ. For the full 1977 year the company earned $81m. or $5.05 a share against $66m. ($4.11 a share) on revenue 14 per cent. higher at $2.17bn.

Reynolds anti-trust probe

WINSTON-SALEM, March 16.

R. J. REYNOLDS Industries disclosed in its 1977 annual report that a Federal Grand Jury in Washington is investigating possible anti-trust violations by the company in ocean transport of freight.

Although the company refused to elaborate on the footnote to its financial statements, the investigation is thought to involve Sea-Land Service, the Reynolds shipping subsidiary.

The annual report also notes that Aminoil USA, Aeynolds' oil subsidiary is named as a defendant in a suit filed by Florida Power Corporation alleging an unlawful conspiracy to overcharge Florida Power for fuel oil in 1973 and 1974.

Reynolds said that neither investigation is expected to have "a material adverse effect on the company's financial statements."

Meanwhile Ernst and Ernst, independent auditors for Reynolds, said it removed its qualification on Reynolds' 1976 financial statements. The qualification applied to three civil actions filed against the six major U.S. cigarette manufacturers by tobacco farmers who allage violations of anti-trust laws.

Ernst and Ernst said the qualification was removed after Reynolds' legal counsel offered the opinion that none of the three suits "is a proper class action," and therefore would not result in any material liability.

AP-DJ

Sale problems at Puerto Rico Telephone

THE GOVERNMENT of Puerto Rico has failed to find a "suitable buyer" for its telephone company, Puerto Rico Telephone, and has cancelled plans to return the company to private ownership.

Governor Carlos Romero-Barcelo said in a televised speech last night that offers to purchase the government-controlled telephone company didn't "fully guarantee the rights of its bondholders or of its employees, thus making it impossible for us to accept them." The government had announced in July that it wanted to sell the company.

Puerto Rico acquired the phone company in 974 from International Telephone and Telegraph for $125m.

Puerto Rico Telephone has set a $50m. bond offering for next June. The utility now has $315.6m. in long-term bonds outstanding and $148.5m. in short-term notes.

Agencies

Speculation on Argus control

By Our Own Correspondent

MONTREAL, March 16.

THERE WAS considerable speculation here to-day as to the future of the Argus group, which controls Massey-Ferguson, the farm machinery giant, and several other major Canadian concerns. This follows the death from heart failure of John A. McDougald, one of the country's most influential businessmen, on Wednesday. Mr. McDougald, chairman of Argus Corporation, died the day after his 70th birthday at his home in Palm Beach, Florida.

With the financier E. P. Taylor and Col. Eric Phillips, Mr. McDougald formed Argus Corporation in the late 1940s to develop Canadian controlled businesses in many fields. In addition to Massey-Ferguson, Argus controls Dominion Stores, one of Canada's largest supermarket chains, Standard Broadcasting, a major communications group, Hollinger Mines, the large mining group, and Domtar, a major producer of building materials, pulp and paper, and chemicals.

The death of Mr. McDougald immediately gives rise to speculation over the long-term control of the Argus group. Mr. Taylor, who now lives in semi-retirement in the Bahamas, has virtually sol dhis interests in Argus, and two years ago is believed to have favoured the acquisition of control by Power Corporation of Canada, which is led by the financier Paul Desmarais.

However, in the take-over fight by Mr. Desmarais for control of Argus two years ago, Mr. McDougald fought successfully for voting control by his own group. Control of Argus is still kept through holding companies identified with Mr. McDougald.

NYSE firms' profits slide

NEW YORK, March 16.

MEMBER FIRMS of the New York Stock Exchange had an aggregrate net profit of $31m. after taxes in the fourth quarter of 1977, compared with $30.8m. in the preceding quarter and $111.5m. in the 1976 fourth quarter.

The Exchange said that of the 364 firms reporting for the fourth quarter, 264 had profits and 100 had losses.

The firms had an aggregate net profit of $187.5m. for the full year, representing a 4.8 per cent. annual return on their average net worth of $3.9bn. during the year, compared with a profit of $507.5m. in 1976. This represented a decline of 63 per cent. Of the 386 firms reporting during the year, 285 had profits and 101 had losses.

Meanwhile the SEC in Washington temporarily decided against any exemption for exchange floor traders whose role would be ended under 1975 securities law amendments. The amendments, known as Section 11A, are now in effect for firms and individuals that became exchange members after May 1, 1975.

AP-DJ

Dresser sees peak

Mr. J. V. James the chairman of Dresser Industries told the annual meeting it appears the company will achieve record revenue and earnings for fiscal 1978 ending October 31. Reports AP-DJ from Dallas. In 1977 the company earned $185.1m. or $4.75 a share on revenue of $2.54bn. The company expects revenue for its energy processing and conversion equipment group to range between $700m. and $750m. for fiscal 1978 up from about $640m. a year earlier. The petroleum group revenue is expected to increase 15 per cent. to 20 per cent. for the year.

JOINT COMPANY ANNOUNCEMENT

MINERALS AND RESOURCES CORPORATION LIMITED ("MINORCO")

ZAMBIA COPPER INVESTMENTS LIMITED ("ZCI")

(Both of which are incorporated in Bermuda)

BCL LIMITED ("BCL")

SELEBI-PHIKWE PROJECT—RESTRUCTURING ARRANGEMENTS

Members are referred to the announcement today by Botswana RST Limited (BRST) of its preliminary results for the year ended December 31st, 1977 in which is included a summary of the arrangements which have now been concluded for the restructuring of BCL's sales and certain of its financing arrangements.

Your directors consider that the substantial undertakings referred to in the summary of the restructuring arrangements are justified by the advantages which will accrue to BCL and by the potential long-term benefits to the shareholders of both companies. Minorco has an interest of 49.98 per cent in ZCI which has an 11.75 per cent interest in BRST, the holding company of BCL. In view of the forecast substantial cash requirements of BCL it is clear that the restructuring of the finances of BCL may not necessarily ensure that that company will have access to adequate cash resources to meet future cash shortfalls and ZCI may be required to provide its proportion of further guarantees and considerable additional loan finance to enable BCL to meet its commitments until such time as the project is able to generate a positive cash flow.

Depressed copper prices and the consequent difficult Zambian and Rhodesian exchange control position together with the funding requirements for the BCL project have severely depleted ZCI's cash resources and the company was not in a position to meet its potential future commitments without securing further sources of finance.

After a review of the alternatives it was concluded that the only feasible alternative was for Minorco and ZCI to enter into an arrangement on the following lines:—

1. It was a condition of the restructuring that Minorco, as one of the original signatories to the Agreements, would continue with its previous undertakings as amended by the undertakings now given under the restructuring arrangements referred to above.

2. Minorco has agreed to provide ZCI with a loan facility in terms of which Minorco will be obliged to advance to ZCI all such funds as ZCI may require from time to time or to issue such guarantees as ZCI may be required to issue or participate in from time to time in compliance with the undertakings given either directly or indirectly by the major shareholders.

   In addition to paying interest at commercial rates on funds advanced under the facility, ZCI will pay to Minorco all cash flow received from whatever source until the principal advanced by Minorco and interest thereon is repaid. Decreasing proportions of the cash flow received from the BCL project will then be paid to Minorco until it has received an effective return of 20 per cent per annum compounded annually. Thereafter Minorco will receive 25 per cent of such cash flow.

3. As a condition to Minorco's agreement to the new arrangements, ZCI has, as in the past, indemnified Minorco in respect of all commitments and obligations undertaken by that company in terms of the restructuring arrangements and those previously assumed as amended by the new agreements. ZCI will have no immediate obligation to repay funds drawn from Minorco under the facility except in the case of default.

   The directors of Minorco and ZCI decided that it was in the best interests of their respective companies to be parties to the restructuring of BCL's financing and sales arrangements and therefore negotiated terms of new financing arrangements between Minorco and ZCI enabling Minorco to be a signatory to the restructuring. The directors of Minorco and ZCI believed these terms to be fair and reasonable to their respective shareholders. Minorco then consulted Morgan Grenfell and Co. Limited and ZCI consulted Kleinwort Benson Limited. Based upon the information and opinions provided by each board to its advisers, Morgan Grenfell and Co. Limited and Kleinwort Benson Limited have confirmed to Minorco and ZCI respectively that in the circumstances the terms of the new financing arrangements between them are fair and reasonable.

It is proposed to send circulars setting out the details of the restructuring proposals and the arrangements between Minorco and ZCI to shareholders of both companies early in April 1978, accompanied by Notices convening Special General Meetings of the companies to confirm arrangements between Minorco and ZCI.

Johannesburg,
17th March, 1978

Merrill Lynch pessimistic

NEW YORK, March 16.

THE ACHIEVEMENT of healthy economic growth by the major industrial nations outside the U.S. seems unlikely in 1978 and 1979 comments Merrill Lynch, in an analysis of the international scene, but the groundwork for such a recovery may well be laid in these years.

Merrill pinpoints the revival of private investment as the necessary hinge upon which any return to growth must depend. It sees the current levels of inflation and of interest rates as major impediments to industrial recovery.

It comments that the West German authorities remain committed to a real growth rate of 3 per cent. to 3½ per cent. and are hinting to the business world that plans should be based on current policies. While progress in reducing inflation is described as "impressive" and signs of a revival of domestic activity are noted, Merrill regards the reduced level of foreign orders as the main difficulty for West Germany.

The recovery in confidence inside the U.K. has not been reflected in any significant change in the underlying economic structure, comments Merrill. There is now a danger that the brighter outlook stimulated by the strength of sterling and the improved trade balance will inspire what Merrill describes as a "spending spree in social welfare."

Agencies.

EUROBONDS

Norway issue increased

BY FRANCIS GHILES

THE dollar sector of the market was described by most dealers as very quiet yesterday. Uncertainty was the keynote reflecting the situation in the currency markets.

The $100m. issue for Norway was increased to $125m. It was priced at par with conditions otherwise unchanged.

The D-Mark sector was in uncertain mood to-day, again on lower turnover. The new issues for Comision Federal de Electricidad and the Philippines are still standing at a discount from their issue price. The market is down about half a point on the week so far, with the exception of Japanese convertibles: Nisshin Steel, for instance, was being quoted at 105½-1, up five points since last Friday. By way of comparison, Settsu Paperboard, a dollar-denominated convertible, was being quoted yesterday at 99-100½, as compared with last Friday's quote of 97½-99.

Mary Campbell adds: Swiss franc foreign bonds have recovered somewhat in the last couple of days, after reaching low points on Tuesday. The recovery has not been enough to save the most recent issue to start trading, Hydro Quebec, from some ignominy—in first time trading yesterday it was quoted at 94¾ per cent. (having been priced at par) and was to-day quoted at 96.

Turnover in Swiss franc foreign bonds has reportedly been rather higher in recent days than in the immediate aftermath. Two reasons are cited for the recovery yesterday and to-day: one is the feeling that the price cuts had been overdone

INTERNATIONAL FINANCIAL AND COMPANY NEWS

Growth at Societe Generale de Banque

By David Buchan

BRUSSELS, March 16.

SOCIETE General de Banque, the largest bank in Belgium, reports a 9.7 per cent. increase in net profit to BFrs.1.526bn. ($45m.) and a net dividend for 1977 of BFrs.204 per share compared to BFrs.189 the year before.

The profits gain is mainly accounted for by the fact that the bank has had to set aside less in the way of depreciation on bad loans than in 1976. Otherwise the results follow the gradual slowdown in economic activity in 1977.

The balance-sheeet total, which rose by 11 per cent. to stand at BFrs.652bn. at the end of 1977, grew less fast than in the previous year in absolute terms, though in real terms the difference is not so great, given that inflation last year in Belgium declined to less than 6 per cent.

SGB's deposit base continued to increase, but in the private sector it found few new takers for its credit. While credit to the state, in the form of Government bills and public securities, increased by 15.6 per cent. to BFrs.191.6bn., that to the private sector only rose 10 per cent. (against a 23 per cent. increase in 1976 to BFrs.375.3bn.).

The primary reason for this, say bank executives, was the slack demand for investment credit, though the fact that for the most of 1977 the absence of pressure on the Belgian franc, coupled with low national bank interest rates, meant that companies did not have to resort to short-term bank credit in the massive way they did in 1976.

Only in December did the national bank raise its discount rate sharply, from 6 to 9 per cent., to ward off renewed attacks on the Belgian franc. Since the start of this year the national bank has successively lowered its rates, and yesterday it brought the discount rate down to 6 per cent. with another ½ per cent. cut.

SGB executives to-day welcomed the move, although their suspician is that 6 per cent. is probably the floor for the discount rate and that it is unlikely to fall further.

Hong Kong brewery

East Asiatic Co. and United Breweries of Denmark have agreed in principle to open a brewery in Hong Kong with an initial annual capacity of 15m. litres, Reuter reports from Copenhagen. United Breweries includes the Carlsberg and Tuborg brands. The brewery will take two years to build and cost Kr.100m. The two companies have previously operated joint ventures in the Far East at the Carlsberg brewery in Malaysia, but imported Danish beer has come under competitive pressure in recent years from local breweries.

SCANDINAVIAN COMPANIES

Sharp recovery at L. M. Ericsson

BY WILLIAM DULLFORCE

STOCKHOLM, March 16.

PRELIMINARY 1977 figures from L. M. Ericsson show as expected that the Swedish telecommunications group succeeded in reversing its 1976 profits slump. Pre-tax earnings grew by over 35 per cent. to Kr.553m. ($115.8m.), giving net adjusted earnings of Kr.12.35 a share against Kr.10.45 for the previous year.

However, the pre-tax figure includes a substantial decline in the losses incurred when translating the foreign subsidiaries' balance sheets into Kronor and the operating profit in fact slipped by Kr.6m. to Kr.838m.

Group turnover grew by seven per cent. to Kr.7.83bn. ($1.7bn.), of which over 83 per cent. derived from markets outside Sweden. One of the strongest elements in the preliminary report is the 21 per cent. increase in the order intake to Kr.8.66bn. during 1977, leaving the group with an order stock at the end of the year of Kr.8.56bn., more than Kr.1bn. up on the position at the end of 1976.

After an increase of Kr.61m. in taxes to Kr.221m. and a rise of Kr.43m. in minorities' profit shares to Kr.53m. Ericsson shows a net of Kr.193m. against Kr.145m. in the previous year. The Board proposes to pay an unchanged dividend of Kr.5 a share, making a total payment of Kr.109m.

The Board considers it premature to forecast the 1978 profit trend because of uncertainties over exchange rates, cost developments and the sales price pattern. However, it believes that the decline in worldwide telecommunications investment was halted in 1977.

Although restraint in placing new orders will continue this year, it expects Ericson's order intake to grow by some 20 per cent. in 1978. This would be due largely to the Saudi Arabian contract, which the Swedish company won together with Philips of Holland and Bell of Canada in January. The sales growth for 1978 is put at about 10 per cent.

The provisional 1977 account shows an operating profit of Kr.838m. against Kr.844m. in 1976. After cost-calculated depreciation, a pre-tax figure of Kr.684m. is shown before the differences arising from the foreign currency adjustments. This represents an advance of no more than Kr.66m. over 1976 but the losses incurred in translating the foreign subsidiaries' monetary assets and liabilities into kronor come out at only Kr.131m. in 1977 compared with Kr.211m., giving the pre-tax figure of Kr.553m. quoted above.

Another feature of the preliminary account is the Kr.70m. improvement in financial income to Kr.232m., which contrast with the rise of only Kr.29m. in financial charges to Kr.419m. Some Kr.65m. in realised and unrealised exchange losses on the parent company's foreign liabilities have been included in general costs.

Capital spending during 1977 totalled Kr.548m. compared with Kr.585m. in the previous year. The number employed by the group dropped by 4,680 to 82,820 during the year.

Turnround to pre-tax loss from Kockums

BY OUR NORDIC CORRESPONDENT

STOCKHOLM, March 16.

KOCKUM'S, Sweden's last major shipbuilding group in private hands, reports a Kr.96m. turnround into a pre-tax loss of Kr.65m. ($14.1m.) for 1977. Sales were almost unchanged at around Kr.2bn. ($435m.), according to the brief preliminary report.

After transfers from the inventory reserve and other allocations of some Kr.75m., the group shows a net profit of Kr.7m. against Kr.10.3m. in 1976. The parent company reports a net after tax of zero. The board proposes to pass the dividend and to carry the Kr.39m. disposable into the new account.

The provisional result is in fact rather better than feared in November, when the eight-month interim report indicated a final loss of around Kr.100m. No explanation is offered.

A breakdown of the pre-tax figure shows that earnings by the shipyard at around Kr.70m. dipped only slightly last year. The real money loser was the shipping companies, which have had to take over vessels not accepted by customers. It lost Kr.120m. last year compared with a loss of Kr.35m. in 1976.

The industrial companies maintained earnings at around Kr.7m. but the "other operations," which include computer, chemical and construction units, turned in a loss of Kr.22m.

The board offers no comment on prospects for 1978. In effect Kockums depends on the Swedish Government agreeing to guarantee credits for the building of a third LNG tanker on the company's own account.

The government is at present re-appraising its whole shipbuilding policy after the staggering losses made in 1977 by Svenska Varv, the state company.

Elkem advance 'inadequate'

By Fay Gjester

OSLO, March 16.

ELKEM-SPIGERVERKET, the Norwegian metals, mining, manufacturing and engineering concern, reports group profits of Kr.24m. ($4.5m.) for 1977, before tax and allocations, compared with Kr.25m. Turnover was Kr.2.66bn. ($499m.), compared with Kr.2.60bn. Dividend is 7 per cent. on the old shares and 3½ per cent. on new, against 10 per cent. (Kr.5 per share) in 1976.

The annual report attributes the relatively poor results over the past two years to a marked rise in production costs and poor demand for many of the group's main products. Profits of this order are inadequate to finance the modernisation and development of production facilities needed to keep the concern competitive, it comments.

On the outlook for 1978, the report says that results will largely depend on international market trends and the way Norwegian costs develop.

Westland-Utrecht project

BY CHARLES BATCHELOR

AMSTERDAM, March 16.

WESTLAND-UTRECHT, Holland's largest mortgage bank, is studying ways of expanding its project development and property financing activities into the rest of the EEC. Up to now it has confined its non-Dutch activities in this field to Belgium, West Germany, France and Switzerland.

WUH has commissioned a report on the subject from the American consultants McKinsey, managing board chairman Mr. K. A. Verhey said. The results are due within a few months. WUH plans first to undertake and finance its own projects but it may later finance property development by others. It would raise funds on the local capital markets to exclude foreign exchange risks.

For the next few years Holland offers "sufficient prospects" for expansion but in the longer term WUH expects to grow too big for its home market.

Business broke all records in 1977, Mr. Verhey told a Press conference. Operating profit rose 56 per cent. to Fls.114.2m. from Fls.73m., while net profits were 52 per cent. higher at Fls.46.4m. (Fls.30.5m.). The Board proposes a dividend of Fls.20 compared with Fls.16 in 1976. It will also pay a 10 per cent. bonus in share certificates from the share premium reserve.

The bank's mortgage portfolio rose a net Fls.2.52bn. to Fls.8bn. Mortgages granted to owner-occupiers accounted for Fls. 2.29bn., or 70 per cent. of the gross volume of new mortgages of Fls.3.27bn.

WUH's property division experienced strong demand for houses. Construction of 1,676 new homes began last year, 950 were completed and 1,432 were sold.

A number of favourable market factors led to the record result in 1977. The bank carried out a successful borrowing policy, placing Fls.1.8bn. of mortgage bonds and taking up a further Fls.1.9bn. on the private capital market.

There was also strong demand from house purchasers, particularly in the first six months. The central bank's credit restrictions led to a shift in mortgage lending away from commercial banks and to mortgage banks.

Dollar CD volume down

BY OUR EUROMARKETS EDITOR

THE VOLUME of dollar certificates outstanding with London banks fell in the month to mid-February, the latest Bank of England figures show. This was the second monthly fall in succession and follows a considerable period of uninterrupted increases.

The volume of CDs outstanding fell from $23.0bn. in mid-December to $21.9bn. in mid-January and $21.7bn. in mid-February.

Whereas in the month to mid-January most categories of banks cut back the volume of CDs they had outstanding, during the latest month, the fall was entirely concentrated among the U.S. banks. These cut back the value of CDs they had issued by $400m. ($6.2bn.). All other categories of banks continued to increase the value of their issues though only slowly.

The Bank of England has doubled the number of institutions from which it collects data for secondary market transactions in CDs from about 30 to about 40. However these additions have not commensurately increased the volume of CDs held on in the secondary market.

MEDIUM-TERM LOANS

French group plans $45m. issue

BY FRANCIS GHILÈS

SOCIETE Metalurgique Le Nickel is raising $45m. for seven years on a split spread of 1⅝ per cent. for the first three years rising to 1¾ per cent. Other terms include a four year grace period and some form of guarantee.

The agent bank is Banque Rothschild and the loan was syndicated quasi exclusively among French banks. The same borrower raised $60m. a year ago on a similar split spread but on a shorter maturity (six years) and with a grace period which only ran for three years.

Société Metalurgique Le Nickel is owned 50 per cent by the state Société Nationale Elf Aquitaine and 50 per cent. by the Groupe Rothschild mining holding company.

Barclays Bank and Dresdner Bank are understood to have arranged a $25m. loan for Nuclebras of Brazil. Terms are, as yet, undisclosed.

Just signed in Frankfurt is the $400m. seven year loan for Vneshtorgbank, the Foreign Trade Bank of the USSR. Terms include a spread of ⅞ per cent. throughout and a two year grace period. Joint lead-managers are Deutsche Bank and Lloyds Bank International. The loan, which was increased from an initial $300m. is written under German law.

Return to profits in 1977 at CFP

By David Curry

PARIS, Mar. 16

FRENCH oil group Compagnie Francaise des Petroles (Total) returned to profits last year. In 1976 the group as a whole earned Frs.165m. ($35m.) but the result went into deficit after minority interests had been taken into account. Last year overall profits rose and company has come out on the right side of the ledger.

The parent company itself is down on the previous year. Its Frs.200.9m. ($42.5m.) of profits includes the Frs.90m. reintegration of provision. The 1976 profit was Frs.236.9m.

The company is maintaining the dividend at Frs.14.10 gross mainly because of improved prospects from its North American and Indonesian operations and the build up of flow from the Frigg Field. The black spot remains the refining sector. The Compagnie Francaise des Raffinage, the refining subsidiary, closed the 1977 accounts at neither profit nor loss as if had been obliged to for 1976.

Money spent on exploration, developing production, and overall investment have all diminished over the past two years. Around Frs.780m. went on exploration in 1976, less last year, and in 1978 the prospect is for some Frs.700m. of expense.

Investment on developing production has shrunk from Frs.3.2bn. in 1976 to around Frs.1.8bn. last year and will be down to Frs.1.2bn. in 1978. This reflects the coming on stream of the Indonesian wells and the Frigg Field.

Global investment worth some Frs.4bn. last year after the Frs.5.17bn. recorded the previous year

One reason for the reduction is the need to reduce the weight of debt. At the moment medium and long term debt is equivalent to some 43 per cent. of company capital (Frs. 2.14bn. and Frs.5bn. respectively) and the aim is to bring it closer to the level of internal competitors in the 15 to 30 per cent. range.

In Indonesia Total's fields are now fully on stream and the group had the right last year to some 3m. tonnes of the 11.5m. tonnes lifted.

At Frs.2.87bn. cash flow was similar to 1976. Turnover improved from the Frs.47.3bn. and should have exceeded Frs.50bn. in 1977, thanks largely to higher prices. Some 71.1m. tonnes of crude was marketed in 1977, 5 per cent. down on the previous year.

Dalmine in the red

DESPITE a dramatic turnround into losses for 1977, the Italian steel pipe manufacturer Dalmine is to go ahead with its planned increase in capital.

The company reports a loss of Lire37.22bn. ($43.3m.) for 1977, against net profits of Lire1.05 bn. previously. The directors blame the "severe crisis of steel and Pipes markets in Italy and abroad for its losses. Plant has been underutilised for most of the year.

Agencies

Call for rulings on U.K. brokers' role in the EOE

BY MARGARET REID

AMSTERDAM, March 16.

QUICK rulings from the British Government are being sought urgently to remove uncertainties holding up decisions about participation by British stockbrokers and investors in the Amsterdam-based European Options Exchange, which is due to open on April 4.

A key, unresolved question is whether British stockbrokers would need licences under the Prevention of Fraud (Investments) Act, 1958, before they could become members of the European exchange, which is costing £3m. to set up.

There is a strong body of opinion that such licences would not be needed. The European exchange, which has been in touch with Britain's Stock Exchange on the matter, wants U.K. Department of Trade agreement that that is the case so that British stock market firms are free to join the Amsterdam operation by the time it opens. Up to 10 London stockbroking firms are thought to be interested in joining the European exchange if there is no impediment.

European exchange chiefs are thought to be anxious that the new market should have British members from the start in addition to the very few London brokers which have joined or participated in exchange membership through overseas subsidiaries.

In addition British Treasury's approval is being sought for plans to enable U.K. investors to participate in options business in British shares on the European exchange without paying the sizeable investment premium normally required on investment in foreign securities.

Under the proposals, worked out with the Bank of England, British investors would pay no premiums on the purchase price of an option in British shares. Similarly, those selling "writing" options would be free from the need to pay the premiums when putting up the necessary cash margins to show they could meet their commitment or when paying for stock to deliver after an option was exercised.

There would be strict supervision by stockbrokers, as authorised depositaries under the Exchange Control Act. Payments would be through a subsidiary of the National Westminster Bank acting for the European exchange and serving as a custodian for shares deposited as margin.

A major effort to resolve two further outstanding problems is likely next Tuesday when representatives of London's five largest jobbers, led by Mr. Ed Puxley of Bisgood Bishop, visit Amsterdam.

One problem is the European Exchange's need for agreed average London jobbers' prices in the British shares in which options will be traded, initially Imperial Chemical Industries, British Petroleum, and General Electric Company. On the other side, the London jobbers are anxious to be assured that the European exchange will not allow the development in Amsterdam of an unofficial kerb market in British shares subject to option trading there.

European exchange chiefs have been insistent that they will combat any risks of the growth of a kerb market driving interest in British shares away from London to Amsterdam. They will expect operators on the exchange to buy British shares needed for their business in London.

On the basis of such understandings and undertakings, the exchange hopes to do a deal with London's jobbers next week to get the needed flow of prices of the underlying British shares in which options will be traded.

INTERNATIONAL MERCHANT BANKS

Improving assets picture

BY MARY CAMPBELL

THREE LONDON merchant banking subsidiaries of foreign banks reported their annual results yesterday. They are Bankers Trust International (BTI), Manufacturers Hanover Ltd. (both subsidiaries of the New York banks of the same name) and Banque Nationale de Paris Ltd., the former British and French Bank which is a subsidiary of Banque Nationale de Paris.

The structure of the balance sheet of BTI reflects the major changes in the bank's operations in the last year. It has increased its trading operations considerably, adding certificates of deposit and fixed rates Eurobonds, and this is reflected in an increase from £2.0bn. to £14.2bn. in its holdings of these securities.

The overall size of the balance sheet fell from £95.6m. to £80.9m. Profits also fell from £1.4m. to £1.2m. before tax and from £857,000 to £851,000 after tax. Total shareholders' funds rose from £8.1m. to £8.8m.

Manufacturers Hanover Ltd. also shows substantial rises in the volume of securities held for trading account—from £18.2m. to £39.3m.

The size of MHL's balance sheet totals rose from £116.4m. to £183.6m. Profits before taxation rose from £4.6m. to £5.0m. and profits after taxation from £2.2m. to £2.4m.

Profits for BNP are declared only after transfers to inner reserves. Pre-tax profits fell back from £4.2m. to £3.9m. However, due to a fall in taxation from £2.3m. in 1976 to £610,000 in 1977 last year, largely because of allowances on plant and equipment for the bank's new building, profits after tax rose were higher in 1977. Balance sheet total rose from £597.2m. to £671.3m.

SELECTED EURODOLLAR BOND PRICES
MID-DAY INDICATIONS

	Bid	Offer
STRAIGHTS		
Alcan Australia 9½pc 1989	96	96¾
AMEV 8pc 1987	96½	97½
Australia 8½pc 1992	94½	95½
Australian M. & S. 9¼pc '92	98½	99½
Barclays Bank 8½pc 1992	97½	98
Bowater 9½pc 1992	98	98½
Can. N. Railway 8½pc 1986	97½	98½
Credit National 9½pc 1986	97½	98
Denmark 8¾pc 1984	100½	101½
ECS 9pc 1998	98½	99½
ECS 8½pc 1997	95½	96½
EIB 8¾pc 1992	98½	99
EMI 9½pc 1989	98½	99½
Ericsson 8¾pc 1989	96	96½
Esso 8pc 1986 Nov.	100½	101½
Gt. Lakes Paper 8½pc 1984	99½	100
Hamersley 9½pc 1992	100	100½
Hydro Quebec 9pc 1992	96½	97½
ICI 8½pc 1987	97	97½
ISE Canada 9½pc 1986	103½	104
Macmillan Bloedel 9pc 1992	96½	97½
Massey Ferguson 9½pc '91	95½	96½
Michelin 9½pc 1988	101½	102½
Midland Int. Fin. 8½pc '92	95½	96½
National Coal Bd. 8pc 1987	94½	95½
National Westminster 9pc '86	101½	102½
Newfoundland 9pc 1989	100½	101½
Norges Kom. Bk. 8½pc 1992	96½	97½
Norpipe 8½pc 1989	96½	97
Norsk Hydro 8½pc 1992	96½	97½
Oslo 9pc 1988	101½	102½
Ports Autonomes 9pc 1991	98½	99
Prov. Quebec 9pc 1995	96½	97½
Prov. Saskatch. 8½pc 1986	100½	101
Reed International 9pc 1987	91	92
RHM 9pc 1992	93½	94
Selection Tst. 8½pc 1989	93½	94½
Skand. Enskilda 9pc 1991	98½	100
SKF 8pc 1987	92½	93½
Sweden (K'dom) 8½pc 1987	95½	96½
United Biscuits 9pc 1989	98½	99½
Volvo 8pc 1987 March	95½	96½
NOTES		
Australia 7¾pc 1984	96½	97
Bell Canada 7¾pc 1987	95½	96
Br. Columbia Hyd. 7¾pc '85	95½	96
Can. Pac. 8½pc 1984	99½	100
Dow Chemical 8pc 1986	97	97½
ECS 7¾pc 1982	97	97½
ECS 8½pc 1989	95½	96½
EEC 7¾pc 1982	97	97½
EEC 7¾pc 1984	96	96½
Enso Gutzeit 8½pc 1984	97	[illegible]
Gotaverken 7¾pc 1982	97½	98
Kockums 9pc 1983	98½	99½
Michelin 8½pc 1983	99½	100½
Montreal Urban 8¾pc 1981	101	101½
New Brunswick 8pc 1984	97½	98
New Bruns. Prov. 8¾pc '83	100½	101½
New Zealand 8½pc 1986	96½	97½
Nordic Inv. Bk. 7¾pc 1984	95½	96
Norsk Hydro 7¾pc 1982	97½	98½
Norway 7¾pc 1983	98	98½
Ontario Hydro 8pc 1987	96½	97½
Singer 8½pc 1982	100½	101½
S. of Scot. Elec. 8¾pc 1981	99½	100½
Sweden (K'dom) 7¾pc 1982	97½	98½
Swedish State Co. 7¾pc '82	98½	99½
Telmex 9½pc 1984	98½	100½
Tenneco 7¾pc 1987 May	94½	95½
Volkswagen 7¾pc 1987	94½	95½
STERLING BONDS		
Allied Breweries 10½pc '90	87½	88½
Citicorp 10pc 1993	97	97½
Courtaulds 9½pc 1989	88	89½
ECS 9½pc 1989	97½	98½
EIB 9½pc 1988	99½	100½
EIB 9¾pc 1992	97½	98½
Finance for Ind. 9½pc 1987	97½	98½
Finance for Ind. 10pc 1989	97½	98½
Fisons 10½pc 1987	100½	101½
INA 10pc 1988	97	97½
Rowntree 10¾pc 1988	97½	98½
Sears 10¾pc 1988	97½	97½
Total Oil 9½pc 1984	97½	97½

	Bid	Offer
DM BONDS		
BFCE 5¾pc 1988	100½	101
BNDE 6¾pc 1986	97½	98½
Denmark 5¾pc 1984	100½	101
ECS 5½pc 1990	98	98½
EIB 5¾pc 1990	98	98½
Euratom 5½pc 1987	99½	100½
Eurofima 5¾pc 1988	99½	100½
Finland 5½pc 1986	96½	97½
Forsmarks 5¾pc 1990	99½	100½
New Zealand 5¾pc 1985	99½	100½
Norcem 5¾pc 1989	100	100½
Norway 4½pc 1983	101	101½
Philippines 6½pc 1985	97½	98
Sweden 6pc 1980	101½	102½
Tauernautobahn 5¾pc 1989	99½	100½
TVO Power Co. 6pc 1988	99	99½
Venezuela 6pc 1988	99	99½
World Bank 5¾pc 1989	99	99½
FLOATING RATE NOTES		
Bank of Tokyo 1984 7 13/16pc	99½	99¾
BFCE 1984 8½pc	99½	99½
BNP 1985 8 1/16pc	99½	100½
CCF 1983 8pc	99½	100½
CGMF 1984 7½pc	99½	99½
Creditanstalt 1984 7½pc	99½	99½
Credit Lyonnais 1982 8pc	99½	99½
DG Bank 1982 7 13/16pc	99½	100½
GZB 1981 8 1/16pc	100½	100½
Intl. W'minstr. '84 7 15/16pc	99½	100½
Lloyds 1983 7½pc	100½	100½
LTCB 1983 8pc	99½	100
Midland 1982 8pc	100½	101½
Midland 1987 7 13/16pc	99½	99½
OKB 1983 7½pc	99½	100½
SNCF 1985 8½pc	99½	99½
Std. and Chtrd. '84 7 13/16pc	99½	100½
Wms. and Glyns '84 8 1/16pc	99½	100½
Source: White Weld Securities.		
CONVERTIBLES		
American Express 4¾pc '87	83	84
Ashland 5pc 1988	86	88
Babcock & Wilcox 6½pc '97	94	95
Beatrice Foods 4½pc 1992	91	92
Beatrice Foods 4¾pc 1992	100½	102½
Beecham 6½pc 1992	92½	93½
Borden 5pc 1992	86½	100½
Broadway Hale 4¾pc 1987	78	80
Carnation 4pc 1987	75½	77½
Chevron 5pc 1988	121½	123½
Dart 4¾pc 1987	77½	79½
Eastman Kodak 4½pc 1988	79	81
Economic Labs. 4¾pc 1987	77	79
Firestone 5pc 1988	80	82
Ford 5pc 1988	83	85
General Electric 4¾pc 1987	81	83
Gillette 4¾pc 1987	76	78
Gould 5pc 1987	104	106
Gulf and Western 5pc 1988	81½	83½
Harris 5pc 1992	145½	147½
Honeywell 6pc 1986	84½	86½
ICI 6¾pc 1992	86½	87½
INA 6pc 1997	93	94½
Inchcape 6¾pc 1992	107	108
ITT 4½pc 1987	77½	79½
Jusco 6pc 1992	106	107
Komatsu 7½pc 1990	115	116
J. Ray McDermott 4¾pc '87	139½	141½
Matsushita 6½pc 1990	126	127
Mitsui 7½pc 1990	112½	113½
J. P. Morgan 4¾pc 1987	89	91
Nabisco 5½pc 1988	97½	99½
Owens Illinois 4½pc 1987	109½	111½
J. C. Penney 4½pc 1987	73	75
Revlon 4¾pc 1987	105	107
Reynolds Metals 5pc 1988	81	83
Sandvik 6½pc 1988	109	111
Sperry Rand 4¾pc 1988	86	88
Squibb 4¾pc 1987	78	80
Texaco 4¾pc 1988	77½	79½
Toshiba 6½pc 1992	113½	114½
Union Carbide 4¾pc 1982	92	94
Warner Lambert 4¾pc 1987	81½	83½
Warner Lambert 4¾pc 1988	76½	77½
Xerox 5pc 1988	77½	79½
Source: Kidder, Peabody Securities.		

INTERNATIONAL FINANCIAL AND COMPANY NEWS

Anglovaal Industries reports dip in profits

By Our Own Correspondent

JOHANNESBURG, March 16.

AT THE interim stage, Anglo Transvaal Industries, the holding company for Anglovaal's industrial and food interests, has reported lower turnover and a marginal decline in pretax profits.

tax profits. Turnover fell to R211.7m. ($180m.) from R219.7m. in the corresponding period of 1976.

Main cause of the drop is the poor performance of the food, beverage and fishing subsidiaries held through an intermediate 74 per cent.-owned holding company South Atlantic. Food accounts for about 21 per cent. of taxed profit.

Of the directly held industrial interests, most have reported higher interim profit figures but are mostly forecasting a decline in the second-half. Order books of the heavy engineering subsidiaries are at their lowest level for a decade.

The same is true of the packaging subsidiaries. The food subsidiaries have been affected by raw material shortages due to poor weather and erratic fish catches.

Against this background the Board warns that profits for the full year are unlikely to be maintained though no reduction in the dividend is anticipated.

Unisec boosts final payout

JOHANNESBURG, March 16.

PROFITS of R5.19m. after tax are announced by the Unisec Group for 1977, against R5.94m. previously. Earnings per share totalled 12.7 cents (13.8 cents).

The pre-tax profit was R6.44m. (R7.56m.).

A final dividend of 6.50 cents is proposed (6.25 cents) making a total of 10.50 cents, against 10.25 cents for 1976.

Reuter

Further earnings growth forecast by Sime Darby

FINANCIAL TIMES REPORTER

SIME DARBY HOLDINGS, the international trading and plantations group which is currently moving its domicile from the U.K. to Malaysia, has annouced a rise of 9 per cent. in pre-tax profit, to $M81.4m. ($U.S.34.6m.) in the first half, to December 31, of its financial year, from $M74.3m. in the same period of the previous year.

The company regards the results as showing "satisfactory improvement," and foresees continued growth in profits. The interim dividend is increased to 20 per cent., from 11 per cent., and there is to be a one-for-one bonus issue. The 20 per cent. interim will involve a net payout to shareholders of over $M10m.

The final dividend for 1976-77 was 29 per cent.—including a special dividend of 5 per cent. associated with the $M39m. extraordinary profit attributable to the company from the profits of land sales by the Amoy Canning Corporation (Hong Kong) subsidiary.

Turnover in the first half of the current year was increased 15 per cent. to $M708.6m. ($U.S.300m.), from $M615.6m. Profit attributable to Sime Darby Holdings rose by 10 per cent. to $M28.7m. ($U.S.12.2m.) from $M26m.

Kempas (Malaya) Berhad, which haas been a subsidiary since December 27, has been treated in the interim accounts as an associate. Had it been treated as a subsidiary—as it will be for the full year, to June 30—says the company, profit attributable would have increased $M2.4m.

The proposed bonus issue is to be submitted to shareholders at an extra-ordinary general meeting, at which the directors will recommend an increase in authorised share capital from £22.5m. to £100m.

The Sime Darby London subsidiary pre-tax profit was reduced to £922,835 ($U.S.1.8m.), from £1m., on turnover increased to £46.8m. ($U.S.88.9m.), but the profit attributable to the company rose to £485,485, from £175,014, after an extraordinary credit of £128,933 (against a debit of £49,148) and allowance for minorities.

Subsidiaries' strong progress

BY DANIEL NELSON

HONG KONG, March 16.

CHINA ENGINEERS, a Sime Darby subsidiary, made a post-tax profit of $HK20.2m. (some $U.S. 4.4m.) for the six months to December 31, compared with $HK 2.74m. for the comparable period of 1976. Turnover was up from $HK190.29m. to $HK 221.23m. (around $U.S.48.1m.).

An interim dividend of four cents will be paid, an increase of 14 per cent. Earnings per share after extraordinary items amount to 14.3 cents against nine cents in the half year to December 1976. Because of the cyclicdl nature of many of the group's activities, the directors traditionally follow a conservative dividend policy.

The company's principal subsidiary, Amoy Canning, which contributes about 17 per cent. to group turnover, announced an interim dividend of three cents (15 cents) on capital increased by last November's four-for-one bonus issue. Its first-half sales usually exceed those in the second half.

The unconsolidated net profit was $HK6.8m. (some $U.S.1.5m.) from $HK5.12m., and the company said that the second half outlook was for a continuation of the general trend of profitability.

General Bank of Tel Aviv lifts earnings

BY L. DANIEL

TEL AVIV, March 16.

THE GENERAL Bank of Tel Aviv reports that its overall net profit rose by 77.7 per cent. in 1977, after tax and allocation to reserves, to I.£6.44m. Operating profit alone rose by 169.9 per cent. Earnings per share came to 59 per cent. (25 per cent. more than in the preceding year).

The dividend for 1977 is 20 per cent. bonus shares, plus 18 per cent. in cash, as compared with 20 per cent. bonus and 15 per cent. cash in 1976.

The balance-sheet total grew by 84.5 per cent. to I.£1.62bn.

* * *

THE DEAD Sea Bromine Works will be able to step up annual production by 50 per cent. to 80,000 tonnes annually following the completion of a new plant at Sodom, which will produce about 23,000 tonnes of chlorine.

Bromine output in this period is seen at 46,000 tonnes, worth $40m. at to-day's prices. Moreover, production will be cheaper since liquid chlorine had hitherto been shipped from Acre in the north of the country, where it had been produced from salt sent there from the Dead Sea.

Recovery at Nocil as margins improve

By R. C. Murthy

BOMBAY, March 16.

A STRIKING recovery in earnings is announced by National Organic Chemical Industries (NOCIL), India's largest petrochemical company in the private sector, in its 10th year of operation. Nocil belongs to the Mafatlal group, which ranks third with assets of Rs.2.84bn., among big business houses.

Profits after tax almost doubled to Rs.35.99m. (some $4.4m.) in calendar 1977 from Rs.18.95m. in 1976, which was a bad year for the company. It has surpassed the 1975 peak performance when post-tax profits were Rs.3.56m.

The rise is attributed to the improved performance of the plants (in contrast to equipment failures and an erosion of profit margins on account of a jump in manufacturing costs in 1976) and good demand. Total sales rose from Rs.630m. to Rs.668.6m. (some $81m.), but profit before depreciation and other adjustments shot up from Rs.78.13 to Rs.127.5m.

The company is planning a diversification of its activities. Its letter of intent to manufacture organophosphorous pesticides based on indigenous technology will soon be converted into an industrial licence. Earlier, the government had rejected its proposal to produce this pesticide with foreign technology.

The improved performance is reflected in a rise in the dividend to ordinary shareholders. It has proposed 14 per cent.—an increase of two percentage points over that in 1976.

ITC claims Indian status

By P. C. Mahanti

CALCUTTA, March 15.

ITC—once Imperial Tobacco and renamed India Tobacco Company—has claimed that it is now "a purely Indian company" with the overseas holding reduced below 40 per cent. Under the Indian Foreign Exchange Regulation Act any foreign company which reduces its overseas held equity to 40 per cent. and below is considered an Indian company and by that yardstick ITC has become one.

Ten years ago the foreign equity of the company which is an offshoot of Bat Industries was 93½ per cent. and has come down to the present level of below 40 per cent. in three stages. According to the company as much as 30 per cent. of the share capital is held by Indian public financial institutions and nationalised banks and the rest by 65,000 Indian individuals.

From its traditional line of cigarettes and tobacco, the company has diversified into hotels and marine products and lately into paper, and has a good dividend record. Recently questions were raised in the Indian Parliament about this company's remittance of dividends along with some other leading foreign companies operating in India.

Excellent year for Hongkong Electric

HONGKONG ELECTRIC closed an excellent year with a 45 per cent. profit increase to $HK196.62m. ($U.S.42.6m.), a final dividend of 16 cents (12) and a two-for-five scrip issue, writes Daniel Nelson from Hong Kong.

Earnings per share increased from 36 cents to 52 cents for the year to December 31 and the final dividend represents an increased total dividend payment of 25 per cent. The directors expect a dividend of at least 20 cents a share on the increased capital for 1978.

The group has interests in real estate, retailing, advertising, finance and technical services as well as electricity.

It is proposed to increase the authorised share capital from 500m. shares of $HK2 each to 750m. shares and to capitalise $HK302.40m. and issue 151.20m. bonus shares in the proportion of two for five.

AUSTRALIAN NEWS

Bid by National Mutual

BY JAMES FORTH

SYDNEY, March 16.

MAJOR AUSTRALIAN life office, National Mutual Life Association, announces a $A15m. ($13.5m.) bid for a large portfolio of shares in overseas companies, mainly U.S. stocks. National Mutual has agreed to purchase a 60 per cent. interest in Commonwealth Mining Investments (Australia) from Consolidated Gold Fields Australia, the local offshoot of Consolidated Gold Fields of the U.K.

The life office already has a direct interest of 1.3 per cent. in CMI and to comply with local Stock Exchange requirements, it is extending the offer to remaining holders. However, National Mutual hopes that many existing shareholders will retain their shares, and will endeavour to maintain CMI's listed status.

National Mutual will pay CGFA $A2.45, which is cum an eight-cents-a-share dividend, reducing the effective price to $A2.37 a share. Remaining shareholders will be offered $A2.37 a share after the dividend has been paid.

CMI's net tangible asset backing is $2.61 a share. It has a $A16m. portfolio of industrial and mining stocks, with the emphasis on natural resource stocks. About two-thirds of the portfolio is invested in U.S. securities. CMI is almost unique in Australia in that it can invest relatively freely in stock of overseas companies. There are official controls on overseas portfolios, and even large investors such as National Mutual are limited to investments of $A1m. a year.

National Mutual's last accounts showed that at September 30, 1977 it had investments in Australian stocks with a market value of $A272.5m. New Zealand stocks had a market value of $A27.9m., South African $A17.3m., U.K. $A53.4m. and Irish $A7.8m. The CMI deal will enable the life office to expand its overseas portfolio much more quickly than it could otherwise.

The CGFA holding will cost $A9m. and if all other holders accepted the offer the outlay would be $A15m. National Mutual will take over management of CMI from CGFA. The offer price of $A2.37 compares with the last sale price in Sydney to-day of $A2.05.

The assistant general manager of National Mutual, Mr. Ted Burton, said CMI's portfolio included stocks in gold, titanium, oil and gas, iron and steel, and mineral and oil exploration.

"This investment helps build our interest in the resources area and provides exciting opportunities for us to gain access to a larger volume of both overseas and resources stocks," he said.

CMI's ability to invest abroad stems back to the early sixties when CGFA first took an interest in the company. CMI made a share issue to CGFA, which was paid for in funds remitted from overseas. The Australian Treasury took the view that those funds could be used to buy shares in the Sterling and dollar areas. CMI has used only those original funds, plus profits and dividends from them, to invest overseas.

The CMI sale continues a rationalisation and consolidation programme by CGFA.

Grace makes further headway

BY OUR OWN CORRESPONDENT

SYDNEY, March 16.

THE MAJOR retail and removal group, Grace Bros. Holdings, continued its unbroken profit record with a 14.6 per cent. gain in the January half year, from $A6.5m. to $A7.4m.

The directors pointed out that the increase was a gain in real terms after discounting for the effects of inflation and was achieved on an increase in sales of only 8.6 per cent., from $A199m. to $A215m. Despite the improvement the directors say they were still concerned that the rate of real growth must be improved if long term objectives were to be met. Nevertheless, the company's expansion plans had been advanced, with three major projects started in recent months.

Describing market conditions as difficult the directors said that the national election in December, the third in six years, resulted in consumer resistance. Christmas trading remained hesitant even after the election and throughout January. Adequate sales levels were achieved only by continuing vigorous and aggressive marketing policies.

The Board also attacked the level of Government regulation and legieslation. They said that the retailers, and industry generally, were harassed by the welter of legislation, Governmental controls and legislations imposed upon them. Governments paid only lip service to the claim that business was consulted at every opportunity before the introduction of new legislation.

The interim dividend is lifted from 4 cents a share to 5 cents. Last year the annual payout was increased from 7.25 cents to 8 cents.

The directors said that trading to date in the second half had shown no significant signs that the economy was on the road to any marked recovery.

They were confident that Grace Bros. would continue to progress but did not expect any major increase in sales in the current half.

Repco 'surprises' Century

BY OUR OWN CORRESPONDENT

SYDNEY, March 16.

CENTURY BATTERIES have reacted with "surprise" to the takeover offer from Repco, Australia's largest car parts maker. The directors said it followed "very recent and preliminary indications from Repco as to an intended announcement of its purchase of a minority shareholding."

Century directors have appointed merchant bank International Pacific Corporation to advise them as soon as possible on the merits or otherwise of the Repco bid. The directors will in particular be evaluating the present values of the company's assets, including its properties and the successful Malaysian associate company.

The Board also said that ESB Incorporated had informed them that no discussions had been held with Repco.

Repco is attempting to acquire Century, operating under formal takeover rules, but moving to head off any bidders that might be prepared to take advantage of existing loopholes.

The Australian stock exchanges and state governments are currently examining ways of tightening existing legislation and closing loopholes after a spate of questionable takeover activities. One of the methods which has been criticised is for an intending bidder to tie up a strategic interest by approaching large shareholders and guaranteeing that if the price is forced above that offered then the seller will receive the difference. Such preferential deals are known as "escalation clauses" and have been freely applied.

Repco is offering $A2.00 cash for each Century share, which is 45 per cent. above the last pre-offer price of $A1.38. It is also almost 20 per cent. higher than Century's net tangible assets per share and a price earnings multiple of 6.9 times century's 1977 profits. The bid values Century at almost $A11m.

Repco moved to secure a strategic holding in Century before announcing its offer and already holds about 7.4 per cent. of the capital. However, it intends to ensure that all Century shareholders are treated equally. The formal offer documents will incorporate similar assurances made with regard to price as those offered to certain institutions which sold their century shares.

The Repco board said they upheld the spirit of takeover legislation in Australia, and undertook to endeavour to equally treat all Century holders.

In making this statement Repco was aware of the increased incidence of market raids and the disadvantages suffered by many shareholders and genuine bidders in abiding by the spirit of takeover legislation.

Sharp growth at ANI

SYDNEY, March 16.

BOOSTED by the inclusion of earings from recent acquisitions, engineering group Australian National Industries (ANI) registered a 73 per cent. rise in sales for the seven months to January 31 and a 65 per cent. activities the Board said profits

Earnings for the period rose from $A3.8m. to $A6.4m. ($US7.3m.), largely reflecting the inclusion of profits from Datsun vehicle dealer, Capitol Motors, which was acquired last year.

The directors said that results of Capitol had been satisfactory and profits were in line with expectations. New model cars had recently been introduced and had been well received by the market. The operations of the group were satisfactory having regard to the continuing difficult conditions in the Australian economy as a whole, and the result reflected the benefits of ANI's diversified activities.

The directors said ANI was able to earn acceptable levels of profits under prevailing conditions, and was in an excellent position to take advantage of any upturns in economic activity. Referring to the group's activities the board said profits of the steel merchandising divisions had improved although the demand for steel had remained sluggish.

The hire service division had continued to expand and lifted its results, the heavy engineering operations had been pleasing and had an adequate future workload, but the metal forming divisions encountered difficult conditions and profits were down substantially.

The interim dividend is raised from 4.2 cents a share to 4.5 cents. Last year a final of 5.7 cents was paid, increasing the total payout from 9 cents to 9.9 cents.

The directors indicate that the dividend payout is likely to be lifted again this year. They forecast that earnings for the full year should be "at least" $A14m. which would mean that "profits, earnings per share and dividends per share should represent record performances for ANI for the 11th successive year."

Dividend lift from IEL

BY OUR OWN CORRESPONDENT

SYDNEY, March 16.

CORPORATE TAKE-OVER specialist Industrial Equity Ltd. (IEL) has raised its interim dividend after boosting profit 71 per cent. from $A583,000 to $A1m. ($US1.1m.) in the December half-year. This interim dividend has been raised from 3.75 cents to 4 cents, and will be paid on capital increased last year by a one-for-10 rights issue and one-for-eight scrip issue.

IEL has devoted recent months to rationalising investments, and the sharp gain in earnings for the latest period is largely due to the sale of smaller investments. The group expects to report results for the full year which will include profits from sales of holdings in Cuming Smith and Gillespie Bros. In both cases, IEL made bids, but was subsequently topped by counter offers and sold at a profit.

The chairman, Mr. Ronald Brierley, said to-day that the group had finished its tidying-up operations and would now enter a new, more active take-over phase. He said that industry rationalisation through take-over was "the name of the game," and that IEL would still be the major force in the take-over field.

Mr. Brierley added that there was a number of big companies "sitting pretty for a take-over." He said that he envisaged "some big mergers this year."

Durban Roodepoort Deep Limited

(Incorporated in the Republic of South Africa)

A Member of the Barlow Rand Group

The following is from the statement by the Chairman Mr. D. T. Watt.

The supply of Black labour was initially both low and erratic resulting in a retardation of production. The eleven shift fortnight for members of the Mine Workers Union, was introduced at the beginning of the second quarter, which was undoubtedly inflationary and reduced productivity. However, the supply of Black labour improved in the second half of the year and this enabled the tonnage milled to be increased by 8.8 per cent for the year as a whole. This increase was unfortunately insufficient to offset the decline in yield experienced over the year.

A further adverse development during the year was the rate at which costs continued to increase. Your company sustained a cost increase of R6.3m. which far exceeded the improvement of R4.1m. achieved in gold revenue. Thus, despite the receipt of the maximum State assistance permissible and severely reduced capital expenditure, the company operated at a loss for the year and had no option but to draw on the special State loan facility to the extent of R2.4m.

Throughout the year the company adhered to the policy of striving to maximise gold production without compromising the capability of the mine to operate profitably in the event of favourable financial and economic conditions developing at some future date. Despite all efforts the yield in 1977 averaged 3.860 grams per ton milled compared with 4,207 grams per ton milled in the previous year.

GOLD PRICE

There was a moderate upward trend in the gold price over the first 5 months of the year. Thereafter this upward trend increased significantly and the price at the end of the year was approximately U.S.$170 per ounce. This increase in price has led to a most welcome improvement in the company's gold revenue. However, it is important to note that the more recent increase in the gold price has been influenced by renewed activity on the part of investors and speculators. This activity on the part of investors and speculators has increased the volatility of the market and consequently continued price fluctuations must be anticipated. The future upward trend, and the fluctuations about the average trend will have a significant influence on the financial results in 1978.

FINANCIAL RESULTS

The average price received for the year 1977 for the gold produced was R4 054 per kg which was 21.2 per cent higher than that received in 1976. This improvement in the gold price enabled the company to achieve a 13.3 per cent increase in gold revenue over the previous year despite the decrease in gold production.

Working expenditure increased from R17.56 per ton milled in 1976 to R19.18 per ton milled in 1977, representing an increase of only 9.2 per cent. This was well below the average increase of 23.7 per cent sustained by the gold mining industry as a whole and reflects the efforts of management to keep costs down.

The working loss increased from R6.3m. in 1976 to R8.4m. in 1977 and State assistance claimed increased by 19.3 per cent. to R7.8m. The net loss, after taking into account State assistance and other income net, amounted to R353 000. After appropriating R784 000 in respect of net expenditure on mining assets, and reversing an amount of R2 443 000 previously appropriated from profits for expenditure on mining assets, as explained in the directors' report, the retained surplus at the end of 1977 was R2.7m. This was R1.3m. more than the retained surplus brought forward from 1976.

In view of the adverse operating results achieved, no dividends were declared during 1977.

STATE LOANS

As was reported in the Chairman's statement last year a special loan facility to cover residual losses after receipt of the maximum assistance permitted in terms of the Gold Mines Assistance Act, was provided by the State for the period 1st July 1976 to 31st December 1977. It became apparent in mid 1977 that extensive use would have to be made of this facility in order to preserve the company's limited cash resources, and that it was likely that the company would be severely prejudiced if this facility was not extended into 1978. Accordingly, in August 1977 a formal application was made to the authorities to extend the facility until at least 31st December 1978. The authorities replied in November that it had been decided not to extend the arrangement and that it would terminate as originally planned on 31st December 1977. Notwithstanding this decision a further fully substantiated application for the extension of the scheme was at once submitted in the belief that without such loan facility the company could rapidly run out of cash in the event of an unforeseen occurrence, and then be forced into an immediate suspension of operations. However, if the gold price trend which developed towards the end of the year continues into 1978, and providing there are no unforeseen problems on the mine, there may be no need to call on this facility. It is hoped that the authorities will be prepared to reconsider the matter and extend the scheme in the light of our latest submissions.

CAPITAL EXPENDITURE, DEVELOPMENT AND EXPLORATION

In view of the company's very limited cash resources and continuing working losses the policy observed throughout 1977 was to limit capital expenditure to essential projects necessary to ensure continuity of operation in the short term. Thus, only R745 000 was expended on mining assets in 1977. Similarly, development was also severely restricted.

The final borehole in the first phase of the surface drilling programme was completed during the year and the results, which are detailed in the directors' report, are not encouraging. No further surface drilling will be undertaken in the near future and certainly not before there is a substantial improvement in the company's financial position.

POSSIBLE EXPLOITATION OF ADJOINING AREAS

The possibility of your company participating in the exploitation of the area adjoining the South Western boundary of the mine has, in view of the recent improvement in the gold price, been re-examined in detail by the company's technical consultants. The owners of the mining title over the area concerned have disclosed the results of their exploratory drilling.

The area is underlain at comparatively shallow depth by Kimberley Reef, which was probed by the abovementioned drilling programme. Exploitation at current gold prices would seem to be possible only as an adjunct to an existing mine. Even under these conditions the indicated return on investment would appear to be low when considered in relation to the risks inherent in exploiting Kimberley Reef, which in the case of your company's mine, has proved to be of extremely variable gold content.

PROSPECTS

During 1977 the principal operating objective was to maximize the tonnage milled in an endeavour to offset the low yield. For some time management was unable to implement this strategy because of a shortage in the supply of Black labour. It is only comparatively recently that the supply of Black labour has again become adequate and while there are signs that it may continue to remain so for the duration of 1978, it is now apparent that maximizing the milling rate will by itself not enable the company to achieve independent viability. This is because the rate of increase in working costs over the past few years has more than offset the profit potential inherent in operating a low grade mine at current gold prices.

The company's prospects of achieving financial independence are now quite clearly dependent on a significant increase in the price of gold. However, I am very concerned that even if the necessary increase in the price of gold eventuates, the benefits will indeed be shortlived because of the inflationary pressures which will develop in the national economy and flow through to the mining industry. Certainly then, a further essential requirement for a return to profitable operation in the case of your company's mine, and possibly most other State assisted mines, is a successful attack on the continuing inflationary trend in the national economy, as reflected in the index of mine working costs published quarterly by the Chamber of Mines of South Africa. The industry as a whole sustained an increase of approximately 23.7 per cent in working costs during the course of 1977. While your company was more fortunate than others in being able to contain its increase to 9.2 per cent it is nevertheless clear that it cannot survive, in its present form, in the face of further cost increases of this magnitude.

In an endeavour to improve the grade of ore mined and thereby reduce the margin between revenue and costs, a decision has been taken to start mining portions of the No. 5/5A shaft pillar which contains ore of a higher value than the average in the mine. However, the contribution from this source will not be very great as the method and rate of mining must be geared to the protection of the shafts and associated excavations in the longer term interests of the mine.

Members will appreciate that the mine is being kept operational only by virtue of the substantial amount of State assistance which it receives. In addition, it has had to make significant use during 1977 of the special State loan facility. Without these forms of State assistance the mine could not have remained in existence through 1977. Insofar as the future is concerned, if the required significant improvement in the gold price does not eventuate in the near term and if the various forms of State aid are attenuated in any way in the near future, the company could again be confronted by the problem of a depletion of cash resources. In these circumstances there would probably be no alternative but to suspend operations via a relatively rapid closure programme.

The 81st annual general meeting of Durban Roodepoort Deep Ltd. will be held in Johannesburg on 20th April, 1978. Copies of this statement and the annual financial statements are obtainable from the office of the secretaries in the United Kingdom at 40 Holborn Viaduct, London EC1P 1AJ or from the U.K. transfer secretaries, Charter Consolidated Ltd., P.O. Box 102, Charter House, Park Street, Ashford, Kent TN24 8EQ.

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FINANCIAL TIMES REPORT

Friday March 17 1978

Cleveland

Considerable efforts have been made in recent years to correct the imbalances in Cleveland's economy which have been caused by the dominance of steel and chemicals. Yet unemployment has risen above the average for the North of England.

Looking for more work

By Rhys David
Northern Correspondent

IN THE county of Cleveland in the North East of England plans are now going ahead to commemorate with a new museum one of its most famous sons, Capt. Cook, who was born in Middlesbrough 250 years ago this year and spent his early life in various towns in the area.

It is a link with the past which is important to Cleveland, one of the areas of the U.K. where the pace of change over recent years has been particularly dramatic. The county itself is a new creation of the 1974 reform of local government in the U.K., taking in parts of what used to be Durham and Yorkshire with a population of 573,000, in an area which looks to the Tees estuary as its focal point. Perhaps more than any other area, too, the county has had to cope with the problems of rapid technological change. An iron and steelmaking centre since the exploitation of iron-bearing ores in the local Cleveland hills began more than a century ago, the area was chosen as one of the three main sites for the ambitious investment programme launched by the British Steel Corporation in the early 1970s before the present major world steel recession, and has already seen substantial investment in new iron and steelmaking facilities.

A major chemical producing centre, too, since the inter-war years, Cleveland was the first landfall in the U.K. for oil brought ashore from the North Sea fields, and the banks of the Tees are now lined with one of the most important aggregations of oil and chemical activity anywhere in Europe. For good measure Seaton Carew, near Hartlepool, is also the site of one of Britain's nuclear power stations.

The county as a result ranks as one of the most important growth centres in the U.K., almost certainly destined to grow in population and importance during the remaining years of the present century. And in this it differs from some other parts of the North East which have been dependent on traditional industries such as coal and shipbuilding, and which as yet have failed to find a potential new motor for growth in modern technologically based industries.

Potential

But while the potential exists, it remains overshadowed at present by the enormous problems which Cleveland like so many other parts of the U.K. faces in adapting to a new industrial base. The massive capital investment in the area has for the most part been designed to cut down on jobs, and with the recession biting hard, particularly in the steel industry, closures of plants have been advanced ahead of the creation of new opportunities.

Thus, in steel the BSC was obliged at the end of last year to bring forward plans to stop iron and steelmaking at its Hartlepool works with the loss of 1,500 jobs. Steel employment in the town, where the BSC used to employ a total of 5,500, is now reduced to around 2,000 in pipe works, a plate mill and coke ovens.

Other older works elsewhere in Cleveland could also become vulnerable if the recession is prolonged much further, yet uncertainty remains over the rest of the BSC's massive investment programme at Redcar on the other side of the Tees. Under a £90m. scheme, steelmaking at Lackenby, next to Redcar, is currently being increased from 2.2m. tonnes to 4.65m. tonnes, but this was to be supplemented by a major new plant at Redcar with a capacity of some 5m. tonnes, bringing total BSC steelmaking in the area up to 11-12m. tonnes—or around one-third of the planned capacity in the U.K. of more than 35m. tonnes. So far only iron-making and associated developments have been undertaken on the Redcar site and the rest of the scheme including the next stage, a new plate mill, now looks certain to be delayed until the share of world steel markets which Britain can hope to command becomes clearer.

The closure of iron and steelmaking is also only the latest in a series of blows to Hartlepool, and has helped to raise unemployment among men to around 17 per cent. in the town, the hardest-hit region in the county. Over the past few years GEC has cut its labour force from 5,000 to 2,300 as a result of reductions in Post Office capital investment, and could be cutting its workforce by a further 800 over the next few years. Another major employer in the area, Rank Hovis McDougall, has also removed 550 jobs but perhaps the biggest disappointment has been the lack of success of the Laing Offshore oil platform fabrication yard, established in an old shipbuilding yard in the town. With too many yards all over Europe chasing too few orders from the oil companies, the Laing yard, which once employed 2,600, has been mothballed for more than a year. Orders for two more platforms are likely to be placed soon by BP and Shell for their Fulmar and Magnus fields, and Laing Offshore is certain to be among the tenderers. If the company cannot win either of these, it seems possible a decision to close the yard completely could be taken.

In chemicals a programme of investment totalling over £1bn. by a number of companies is going ahead but here the highest levels of employment are likely to be generated during the construction phase, with only a much smaller number of permanent jobs when the projects are completed. ICI is currently completing a £150m. ethylene plant at Wilton—a joint project with BP—and last year sanctioned a major increase to its chlor-alkali and vinyl chloride monomer capacity, the raw material used in the manufacture of certain plastics. The plant, again at Wilton, will cost £140m. and will be linked with a similar complex at Wilhelmshaven in Germany. Other major projects currently under way by ICI include a new pure terephthalic acid plant at Wilton to provide raw materials for the polyester fibre industry costing £90m. and a £40m. single cell protein plant at Billingham to produce animal feedingstuffs from methanol, a natural gas product.

Other major oil and chemical groups have joined ICI at Teesside, among them Monsanto which is making its biggest single investment outside the U.S.—£180m.—on a new plant to produce acrylonitrile, the raw material for acrylic fibres and plastics, and on another plant, to be operated jointly with Montedison, for producing nylon intermediates. The Phillips oil group, which is a partner with ICI in an oil refinery on Teesside, is spending more than £300m. on extending its facilities to receive and process oil from the Ekofisk field. Other big spenders on the Tees include Rhom and Haas, W. R. Grace and Shell.

Yet these developments have failed to prevent unemployment in the area from rising above the average for the North of England to a total of around 26,000 people, and according to Mr. Arthur Pearson, the leader of the county council, the situation is worsening. "Despite all our efforts the prospects are getting worse. It could be the patina of prosperity given by our capital intensive industries is disguising the very real unemployment crisis we face," he warns.

The county's own efforts over recent years have concentrated on trying to correct some of the imbalances which the dominance of steel and chemicals have created in the local economy. The county has about 11 per cent. of its working population in both chemicals and metal manufacture, compared with the figure of 1.9 per cent. and 3.3 per cent. for Britain as a whole, whereas the proportion in the services sector is much lower than the national average.

The type of industry found in the area also means that while apprentice opportunities have been good, the alternative is very often largely unskilled work. Opportunities for women are also limited, so that a much smaller proportion have been drawn into work than in other parts of the country.

In a bid to redress the balance efforts have been concentrated over recent years on trying to attract light industry and one major success has been the decision by Smart and Brown, part of the Thorn group, to establish a plant in Hartlepool for the production of refrigerators. The company is developing a site made available by the BSC which, through its subsidiary BSC Industry, has been working with the local authorities to replace jobs lost through steel closures.

There has also been a major effort to encourage office employers to move to Cleveland and here too there has been some success. Barclaycard has set up a regional centre in the area and over the next few years the Property Services Agency, the Government property management body, will be bringing a total of 3,500 people to the area. Because of the contribution office employment could make, particularly towards providing jobs for women, the county is to press the Government to extend special development area (SDA) status, as it applies to services employment only, to the whole of Cleveland. Currently the Hartlepool area is an SDA but the rest of the county enjoys only development area status.

Cleveland is also hoping that the continuing build-up of oil and chemicals related industries will itself generate employment in service industries, though so far progress has been disappointing. The county has sought to identify companies manufacturing products, such as control equipment, widely used in process industries, and to encourage manufacturers of these products to move in alongside their customers. It is also looking for ways in which local concerns can win a bigger share of the maintenance and servicing work which needs to be done on oil and gas structures off the North East coast, all of which are in need of regular attention and parts replacement because of corrosion.

The county would like to see further growth in the area of firms able to take a stage further the products of the chemical industry. At present, although the county is well served by road communications, most companies continued to prefer transporting chemical raw materials away to be processed nearer the main U.K. consumer markets.

Advantage

Cleveland does, however, have the advantage of being close to major markets on the Continent making it potentially an attractive location for overseas groups wishing to take advantage of lower U.K. labour rates. Port facilities from the area are also good, providing a range of services which includes roll-on roll-off, container handling, conventional loading, and deep water berths, able to take vessels up to 150,000 tonnes. The combined port of Tees and Hartlepool is the third biggest in the U.K. behind London and Liverpool in tonnage, both with and without the inclusion of oil. It is the major port of entry into the U.K. for forest products from Scandinavia and among new clients attracted to the port have been Datsun which ships its cars through Hartlepool.

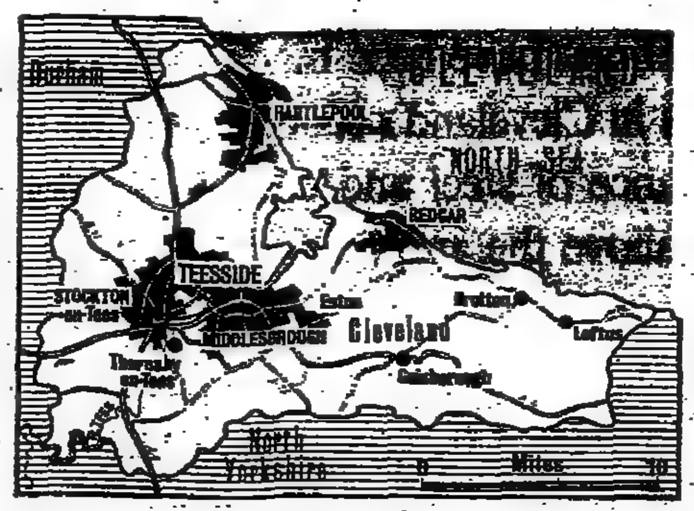
With industry able to pick and choose, however, where it wants to go assets of this sort are not enough on their own unless the area is also itself attractive to live and work in. Cleveland is surrounded by coastal, hill and moor scenery of outstanding beauty, including the North York Moor National Park, a short drive from the middle of Middlesbrough. The two main industrial centres, Middlesbrough and Hartlepool, both show the scars, however, of continuous iron and steel making over the past 100 years and much remains to be done to remove blackspots. The county authorities have since 1974 cleared around one tenth of the 1,000 hectares of land identified as in need of clearance, and the new pattern of industrial development within the county is providing an opportunity to re-plan some of the older parts. Whereas the older iron and steel works were close to the centre of Middlesbrough, the new steel and chemical complexes are springing up down river and to a large extent on land reclaimed from the sea.

Industry's move downstream is providing the opportunity for considerable redevelopment to take place within Middlesbrough which has been able to consolidate its role as the main regional centre for Cleveland and parts of surrounding counties as well. New shopping facilities have been created in both Middlesbrough itself and Hartlepool, which with its population of around 90,000 is the centre for a wide area on the North Bank of the Tees. The other main town in the county, Stockton, has also seen redevelopment over recent years including the building of a major new hotel. The town with its wide main street and market is expected to develop increasingly as a specialist retail centre, with Middlesbrough acting as the base for the big department stores and multiple chains.

The prospects for the area, therefore, look to be promising over the longer term, but inevitably it is the shorter term which matters most at present. The weak demand for chemicals and the grave crisis affecting steel both seriously affect Cleveland, delaying decisions on investment and hastening closures. There is consolation for the county, however, in that it appears to be suffering from arrested growth rather than the lack of growth prospects at all.

CLEVELAND II

The heart of the steel industry



THE FIRST big investment decision made by the British Steel Corporation after the nationalisation of steel in 1967 was that Teesside should be the location for an integrated steel-making operation based upon the best and most modern world practices. Although beset by difficulties ever since, culminating in the present world steel recession, British Steel has not wavered in its strategy for Teesside. The biggest iron and steel operation in Britain, and currently the biggest being developed in all Europe, is going ahead steadily on the estuary.

Teesside has been called the "new Ruhr" by those who have been struck by the similarity between west Germany's industrial power-house and the developing chemicals and iron and steel-making installations on either bank of the Tees.

Expansion is concentrated upon Lackenby and the new Redcar site further down the south bank towards the estuary entrance. But the Teesside division of British Steel includes both banks of the Tees.

What is happening now is a steady shift of effort from the old plants to the new installations as the Lackenby/Redcar development progresses.

Part of Hartlepool plant has recently been closed with the agreement of the unions. Iron-making was suspended in September 1977, steelmaking was suspended in December, and primary mill rolling was suspended finally at Christmas. On January this year all three operations were closed with 1,500 workers accepting voluntary redundancy.

However, a further 1,500 are still employed at Hartlepool on the coke ovens, the plate mill, and in the service areas.

In a move towards further integration of the Teesside steelmaking plants, the Hartlepool plate mill is now being supplied with low-cost continuously cast slabs from Lackenby. The Hartlepool plate mill looks like having a key role to play in Teesside division for a number of years yet. British Steel had plans to replace it with a new 2m. tonnes a year plate mill on Teesside. As the market in steel turned down, that project was reduced to a 1m. tonne a year mill. Because of British Steel's cash problems and the world recession in steel-making it is not now likely that the new mill will be built in the foreseeable future.

But the important factor in British Steel's overall development plans, from Cleveland's point of view, is that there is no question of axing the Lackenby/Redcar development in the cause of economy.

In February the Redcar sinter plant, the first of the new production units there, was commissioned. A £25m. plant it mixes fine iron ore, coke, and limestone, and roasts the mix to form a material suitable for blast furnace charging. The new plant can make nearly 4m. tonnes of material a year. It will provide a cheap feed for the new 10,000 tonnes a day blast furnace which is now being completed on the same site.

The blast furnace is the key investment of the current Redcar developments. One of the biggest in the world, it will give British Steel a new and assured supply of low cost iron—a facility which is badly needed to balance many of the Corporation's iron and steel-making activities.

Opportunity

The blast furnace is to be commissioned over the coming months. It will have to follow a "learning curve" and full production cannot be expected before next year at the earliest. But in the present depressed steel market there is ample opportunity to bring the whole complex of new plant into production without forcing the pace.

The Redcar developments in ironmaking will have an effect upon the Lackenby steel plant because the new iron supply will enable the basic oxygen plant there to reach an output of 5m. tonnes a year when market conditions permit.

At present British Steel is in the final stages of a £100m. enhancement scheme for Lackenby steelmaking. The basic oxygen steelmaking capacity is being doubled and a second slab casting machine is being installed as well as improvements to the rolling mills. The programme will be completed during this year.

The Corporation's ultimate development strategy for Teesside has been to raise steel-making around the estuary—primarily on the Lackenby/Redcar site—to more than 10m. tonnes by the 1980s. Now, with the tonnage target reaching the half-way mark it is becoming obvious that the second half of the ambitious scheme is unlikely to be realised to the original time-scale.

World over-capacity in steel-making and the prospect of depressed market conditions persisting for several years ahead has caused all the big world steelmakers including British Steel to re-think.

The European Community is also acting to protect and support the EEC industry. One of the moves planned by Industrial Commissioner, Viscount Etienne Davignon, is that further increases in EEC steel-making capacity will be strictly controlled — indeed, virtually prohibited—while over-capacity exists. Thus the present climate militates against the second 5m. tonnes of capacity being installed on Teesside.

But even without that new investment—attractive though it would be to the long-term prosperity of Cleveland—the steelworks now being completed is the most important investment ever made by British Steel. It means that Teesside is the key supplier of British Steel's product range of structural sections, coil plate, wire rod, and reinforcing bar.

Roy Hodson

Emphasis on new communications

THERE IS a popular saying on Teesside that you can go to the outskirts of London 250 miles away without passing through a single set of traffic lights. The boast is true thanks to an extensive roadbuilding programme during the past few years which includes a strategic dual-carriageway perimeter road network around Teesside and extensive upgrading to near-motorway standard of the A19 link with England's twin spinal columns of the A1/M1.

The highways network into Teesside is certainly its best communications asset, for easy access by road into an area which is competing hard for new industry, as well as having the advantage of the deepest deep water port of England's East Coast, is clearly essential both to its survival and prospects for growth in the future. Without this network, Cleveland would have problems; for it is having something of an uphill struggle to improve, or even maintain, its rail and air services.

With the local roads network now nearing completion, and links to the North and South adequate, Cleveland is pushing hard for the last major link in its communications chain: motorway access to the West and Merseyside. There is little opposition to the need for a motorway to link up with the M62 at Leeds, to the south-west, to tie in with the motorway network on the west side of the country. But what is in dispute is how it should be done.

The county bases its case for a new route primarily on the argument that apart from direct construction costs, the long-term disruption involved in upgrading 80 miles or so of existing heavily-used arterial roads would make such a project less economic than establishing an entirely new route. Whichever way the final decision goes, Mr. John Gillis, Cleveland's County Planning Officer concedes, there is little prospect of either project materialising for at least five years.

Locally, the new dual-carriageway system, the Parkway, now almost encircling Teesside — there remains only one section south of Stockton to be upgraded — has proved a boon to the highly-concentrated industrial area which it encloses.

As regards the railway system, Cleveland does suffer from not being on the mainline rail network, which passes instead through Darlington, some 15 miles to the west of Cleveland's boundary. Currently, Middlesbrough, Cleveland's administrative centre, is some 3½ hours from London by train, involving a change at Darlington. That will come down to three hours when the High Speed Train service starts operating in the near future.

Another area of concern to Cleveland is the future for Teesside's airport, situated midway between Stockport and Darlington and reachable from Teesside via a dual-carriageway road or by rail. Indeed, it is one of the few municipal airports in the country to have its own railway station.

Airports

The recent central government report on regional airports proposes that Teesside should be classified as a "Category C" airport, to be allocated only non-scheduled flights within the U.K. It is a proposal which is being fiercely resisted by Cleveland.

The county argues that not only is Teesside already operating efficiently on a much more comprehensive scale, but that it is a highly retrograde step to downgrade a facility which it regards as a significant selling point for a development area with high unemployment and trying hard to attract desperately needed industry.

In reality, it is unlikely that the government would insist on a halt to the airport's most prized route: a five-flights-daily DC-9 service to Heathrow operated by British Midland Airways.

One communications project of potentially great significance to Cleveland's Teesside complex but which faces a number of problems, mainly financial, before it can be realised: the Tees estuary tunnel. Enabling legislation has been passed allowing for it to be built, but there is as yet no local or central government financial allocation for it, and Cleveland officials do not really expect it to materialise before the mid-1980s.

John Griffiths

Oil and chemicals

TEESSIDE HAS been the focus of one of the most dynamic and sustained programmes of capital investment ever mounted by the international chemical and oil industries in Britain. Spread along both banks of the Tees, often on sites reclaimed from the sand and mudflats, companies such as Imperial Chemical Industries, Monsanto and Rohm and Haas have established major manufacturing centres for basic and intermediate chemicals. The discovery of oil and gas in the North Sea has turned Teesside into a major oil terminal with the building of the 220-mile pipeline from Phillips Petroleum's Ekofisk Field in the Norwegian sector of the North Sea to reception and treatment plants at Seal Sands on the north bank of the river.

But the investment has not been accomplished without difficulty. The performance of the construction industry on major sites throughout Britain has often been lamentable compared with rival sites in North-western Europe and the U.S. A report published a little more than a year ago by the National Economic Development Office placed Britain bottom in a series of comparisons of site performances, made after studying in detail 18 major projects—seven in Britain, four in the U.S. and seven on the Continent.

Stemming from the report a working party representing both sides of the industry has been trying to negotiate a national agreement that would cover conditions on all major sites in the country, and this work should bear fruit by the middle of the year. But in the meantime many of the large clients on Teesside would argue that the position has further deteriorated.

Complexity

The problems are common to sites throughout the country, from power stations on the Isle of Grain in the Thames estuary to Europe's largest oil terminal in the Shetland Islands. But on Teesside they are magnified by the sheer scope and complexity of the construction effort. In a small concentrated area a number of large companies are together investing hundreds of millions of pounds a year in capital projects. Heading the list as the most consistent spender is Imperial Chemical Industries.

The largest public company in Britain, ICI had invested more than £1bn. on its two Cleveland sites at Billingham and Wilton up to 1977. With their strategic position on the edge of the North Sea basin with short sea-route access to the biggest West European markets, these two figure importantly in the company's forward thinking.

The first site to be developed was Billingham after World War I; it is now the headquarters of the company's agricultural division. As such it is the centre for the production of ammonia, the raw material for the plant nitrogen in all ICI fertilisers, along with methanol and the new single-cell protein for animal feedstuffs which is rapidly being developed for its first market introduction in commercial quantities. In recent years the site technology has changed dramatically from coal to oil, and from oil to natural gas; up to 1977 some £500m. had been invested in a site of some 1,100 acres.

ICI's other major site across the river at Wilton was acquired rather later than Billingham and has been the big focus for development over the last 30 years. It is the headquarters of the petrochemicals division, but includes several other plastics, fibres and organic chemicals plants.

All the investment, however, does not necessarily lead to a corresponding increase in ICI's total workforce. Last year, for instance, a period when the company spent some £330m. on capital projects in Britain, its total of domestic employees fell by some 4,000 to 95,000. The continuing investment does, however, give employment to several thousand people in the region's construction industry.

As local ratepayers the two sites contributed some £5.8m. last year and pumped a further £119m. into the local economy in the form of wages and salaries at Wilton and Billingham. With its long experience of working on Teesside, ICI has perhaps been rather better prepared for dealing with the area's special problems in constructing major plants than the more recent overseas arrivals such as Monsanto and Phillips Petroleum from the U.S. But it has not remained immune.

It has been sanctioning sharply rising amounts of capital expenditure in recent years, but actual expenditure has been held back by construction delays and difficulties. As a consequence the company recently reported that at the end of last year £986m. had been sanctioned worldwide but not spent, compared with £673m. at the end of 1976. On Teesside the biggest problem has been to complete the massive 500,000 tonnes a year ethylene plant it is building jointly with BP Chemicals.

This cracker is now unlikely to be commissioned before the last quarter of 1978 or early next year, 12 months behind the original schedule. In 1974 the project was estimated to cost some £100m., but the final cost is thought likely to be about £150m. One part of the scheme that has been completed, however, is the 155-mile ethylene pipeline linking Teesside with BP's site at Grangemouth on the Firth of Forth.

Projects sanctioned by ICI for its Teesside sites last year include a £90m. plant to produce terephthalic acid (an intermediate for polyester textiles), a £35m. fertiliser plant and £25m. to be spent on services for planned chlorine and vinyl chloride plants. The expansion of chlorine and vinyl chloride facilities on Teesside is a cornerstone of ICI's strategy to consolidate its manufacturing position in northern Europe around the North Sea basin. It will be carried out in conjunction with a proposed DM600m. (£150m.) chemical complex at Wilhemshaven in northern Germany, the first stage of which was sanctioned last year.

The building of similar plants at Wilton and Wilhelmshaven should provide a rare opportunity for judging the U.K. construction industry's performance against one of its main Continental competitors on projects that are strictly comparable on timing and technology. It could provide a telling measurement for foreign chemical companies considering big investments in Britain.

For example, Monsanto, the U.S. chemical company, chose Teesside for the single biggest investment it has ever made around the world. On the Seal Sands site it is building two plants that are now expected to cost some £180m., a substantial increase over the original estimate.

The problems of Britain's large construction sites are complex, but according to the NEDO report, poor industrial relations on site "create a vicious circle, where lost time, high manning levels and poor organisation all reinforce each other." On Teesside all this is magnified because up to about 45 per cent. of the country's major mechanical engineering projects are taking place in the region. The workforce peaked towards the end of 1976 when the North of England Engineering Employers Association estimated that there were 14,000 men engaged in mechanical construction on big sites in the area. This total has since halved to a present level of about 7,000.

Problems were exacerbated when the workforce was at its peak and stretched tightly between projects, and Laings paid large termination bonuses to its workforce at the Graythorp platform construction yard to gain co-operation by the men to finish an oil platform. The fragile defences of Teesside clients and contractors against the anarchy of wildly escalating "termination bonuses" were breached.

Attempts have been made to hold the line, but with little success. The latest in the series of breaches has come on the Monsanto site, where contractors have agreed to pay a £25 a week third tier payment, over and above basic rates and guaranteed bonuses, in return for full and normal working by the mechanical engineering workforce. With the smaller workforce on Teesside, however, man-hours lost through reported strikes were reduced last year to 365,800 compared with 773,200 in 1976.

Special payments have also been made in the past on Phillips Petroleum's oil and gas terminal site at Seal Sands. This complex is already handling up to 400,000 barrels of oil and gas liquids a day from the Ekofisk Field, and the pipeline has a design capacity of 1m. barrels a day. But the natural gas liquids treatment and separation plants are still not finished and are likely to be two years late when finally completed. Costs have been escalating rapidly and are now likely to reach the £300m. mark.

The NGL plants are finally due to begin coming on stream in the autumn, but the delays have brought Phillips harsh words and threatened court action by its Norwegian customer Norsk Hydro (ironically a partner in the Ekofisk development), which had contracted to take NGLs for its petrochemical complex at Rafnes from the end of 1976. The action for compensation payments amounting to some £40m. may well be settled out of court, but Phillips' experience can hardly have encouraged it to make other major investments on Teesside.

The region's achievement for the chemical and oil industries is none the less immense, but if it is to continue to prosper and attract large amounts of foreign investment, it will have to show prospective clients that site construction troubles are a temporary and not a permanent malaise.

Kevin Done

The local authorities

"WHICHEVER PARTY wins the next General Election, there should be an undertaking that there will be further re-organisation of local government for a good number of years," says Mr. Arthur Pearson, the leader of Cleveland County Council. Mr. Pearson's statement is a cry from the heart. Most areas of Britain experienced a sizeable shake-up in 1974 when the new local government boundaries were introduced. But Teesside—the industrial heart of Cleveland—has been through the whole thing twice.

In 1968, the new county borough of Teesside was set up. It seemed a logical move, and the new Teesside Council set about co-ordinating the area, with its big steel and chemical interests. Teesside began to look like a local government unit that would last. But 1972 came along, Teesside died and Cleveland was born.

The new county was the old Teesside and a bit more. It took in Hartlepool, with its massive unemployment problems, a town that was left out of the borough created in 1968. Cleveland was part of Durham and part of the old North Riding of Yorkshire, and there were local sighs of relief when it was decided that Yorkshire could still play cricket in Middlesbrough and Middlesbrough men could still qualify to play for the county.

Confessed

A couple of years ago Teessiders would tell you: "Nobody knows where Cleveland is—people know Cleveland, Ohio, better than they know Cleveland, England." There was some truth in this, but since then the new county of Cleveland has put itself on the map pretty effectively. The changeover was surprisingly smooth.

There has been criticism from regional authorities recently about the way some of the new county councils are working. Some businessmen in the south have confessed bewilderment at what can appear to be wasteful competition for jobs between the areas. But Cleveland's planners claim that their county is on the right lines.

They realise that the North-East is a very special area. It has Durham, with its problems of a rundown coal industry, the new Tyne and Wear county with its declining shipbuilding, and the new towns of Washington, Peterfields and Newton Aycliffe, all equally hungry for the jobs that can replace dying manufacturing industries.

A county planner says: "We are different from Tyne and Wear. We are steel and chemicals. Tyne and Wear is shipbuilding. Often, we are not chasing the same jobs. And though we will do everything to persuade a company to come to Cleveland, we would never dream of dissuading them from going to Tyne and Wear."

Helping the smooth changeover was the fact that many of the Teesside borough councillors switched over to the county council giving the new county an experienced team to keep continuity. And many of the newcomers from outside Teesside had long local Government and political experience. The council that originally took over was Labour—Teesside is part of the "red North-East," although it had interesting corners of defection. For example, the most famous MP in Stockton's history was Harold Macmillan.

Last year the Conservatives won control of the county council. Leader Mr. Pearson, head of a Middlesbrough family business of removal and transport contractors, is highly delighted. He believes the Tories can save Cleveland, but admits that changes in overall policy will be minimal. The pursuit of new jobs is bi-partisan, but he obviously believes that his councillors with their business experience will be more successful than Labour.

Planners say that the four districts work together well. Each district has its own industrial development officer. They meet regularly at county headquarters to thrash out their problems and it is generally agreed that every district gets a fair deal. The county council works hard, too, to protect Cleveland's pleasant country environment, the lovely Cleveland Hills just a few miles from Middlesbrough and the splendid stretch of coastline.

The countryside, with its handsome houses, from stone cottages for a few thousand pounds to modern six-bedroomed "executive" houses with landscaped gardens for under £50,000, is used as pleasant bait for businessmen wanting to move north. The council has also put a lot of work in preserving the 18th century character of the little town of Yarm-on-Tees, one of Cleveland's showplaces.

What of the future? Everybody you meet echoes Mr. Pearson's hope that there will be no further shuffling of boundaries. The 1972 changes were far from ideal, they say but another uprooting would just add to problems. "In the long-term," Mr. Pearson says, "we have a unit that will work."

One of the great worries of North-Eeast local authorities is the shadow of Scottish devolution. Conferences in the area have expressed concern at the prospect of money being poured into Scotland at the expense of the troubled areas of England near the border. Cleveland shares this concern.

Alan Forrest

The Property Market

BY MICHAEL CASSELL

Buy during the lull, brokers advise in market review

A CONTINUING improvement in outlook for the property sector and advice to investors to buy during temporary market setbacks is the spring message from brokers Vickers, Da Costa.

In their latest review of the market, out to-day, Vickers say that although property prices may weaken in absolute terms during the course of the present "bear" market, the sector as a whole is set to become a dominant performer when the next major "bull" market in share prices comes round.

As a result, Vickers is recommending that any short-term dips in relative strength should be used to establish above-average weightings in the sector. The one risk to this rather encouraging scenario, warns the report, would be if the Government was prepared to countenance a further major recession in 1979-80—confidently dismissed as "an unlikely eventuality."

Contrast

Vickers' recommendation is largely based on the already apparent upward movement in rents which they believe will speed up in the longer term.

Their view of affairs is in stark contrast to the opinions which they were expressing around 12 months ago and underlines just how the market has come round in the meantime. Last April Vickers shifted carefully from its very bearish view of the property sector to recommending to investors an average weighting situation. Now, the message is clearly one of enthusiasm for things to come.

Consistent

The "average weighting" guidance was repeated in the Autumn but in the latest review Vickers admits that developments so far in 1978 have more than matched their expectations. The recent relative strength of the sector is, however, quite consistent with earlier trends.

To-day's review says: "Of key significance is the fact that the amount of property available for letting is falling rapidly against what is still a slack economic background. This, combined with a cautious attitude by developers, means that on any significant resurgence of demand there is likely to be a strong upsurge in rents."

Vickers estimates that with the upward trend in rents still gathering strength and given a continuation of current demand, they will reach £17 a square foot in the City of London by the end of the year against £15 now and £12.50 a year ago.

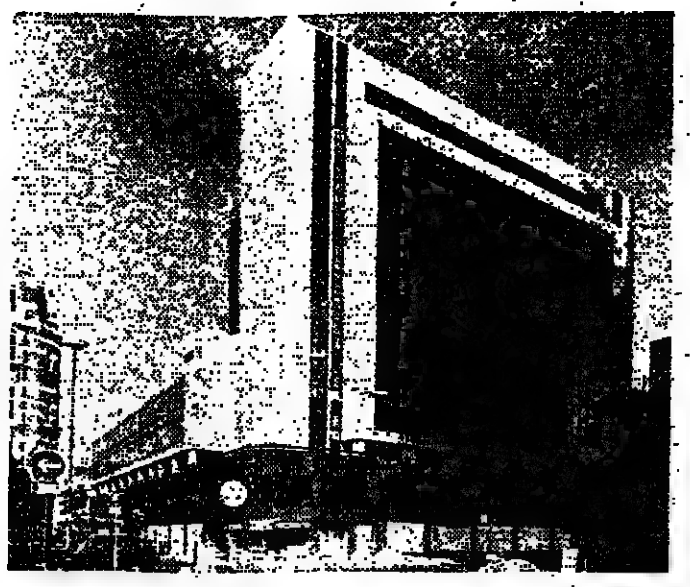
Improving

In the West End the picture in terms of demand is the same. New office space is fetching £15 a square foot and some special deals are going as high as £18.

Vickers says that the improving trend of property company profitability has also been accompanied by fresh fund raising and signs that companies are once again beginning to expand their portfolios. While there have not, as yet, been any major deals, managements appear to be becoming slightly more adventurous.

The many significant profit improvements recorded in the past few months have reflected lower short-term interest rates, past lettings and, above all, degearing. Most notable was the restoration of meaningful dividend payments by MEPC and Capital and Counties.

Specific buy recommendations from Vickers include British Land, Brixton Estate, Capital and Counties, Haslemere Estates and MEPC.



Trafalgar House Developments have let a third of their new Broad Street House development in the City to the Bank of Scotland. The Bank has taken a 25-year lease, incorporating intermediate rent reviews, on the first, second and third floors of the 10-floor building—amounting to 23,500 sq. ft. in all. The remaining 41,000 sq. ft. are available for letting, with immediate occupation, at an asking rent of £15 per sq. ft.

Revival on U.K. pattern

THE REVIVAL in the commercial property sector goes much further than the boundaries of the City or the West End, according to some European reports coming in.

Jones Laing Wootton says that in Frankfurt—West Germany's leading financial centre with nearly 300 banks, 135 insurance companies and the country's major stock exchange—rents appear to have finaly bottomed out.

Vickers, da Costa also have something to say this week about office property in Brussels, where the oversupply of space has been taken up at a faster rate than previously expected and Vickers says that it will now only require a further two years or average letting before "equilibrium"—or a 5 per cent. vacant space position—is reached.

Twin ogres of land and planning delays in need of action

LAND AND PLANNING delays are the current "ogres" of the development sector and both problems have sparked off fresh comment in the past few days.

Development Land Tax, according to the Royal Institution of Chartered Surveyors, is preventing the start of many major development projects because potential vendors of land will not sell up. A combination of DLT and Capital Gains Tax on the remainder of the gain has led many land owners to postpone sale and the effects are now being reflected in sharply rising prices.

Builders say that land for housing, industrial and commercial projects is drying up quickly, particularly now that the supply of development sites arising from previous bankruptcies in the development sector is running out. Land banks are down to a minimum for some and there seems little chance of any major improvement in this situation in the foreseeable future.

The RICS says in a report to the Chancellor of the Exchequer that one predominant problem is the Inland Revenue's unwillingness to discuss individual cases before development is begun or a disposal takes place, or even before an assessment is issued.

Criticism of the other favourite bogey, planning delays, this week drew a strong defence from the Royal Town Planning Institute which firmly rejected allegations of obstruction by planners in the local government process of granting permission for developments.

Act of faith

A report from the Institute is being regarded by it as "a declaration of faith" in the system and it claims that any problems in operation have arisen through attempts to reconcile complex conflicts of interest with the need for speedy decisions.

The Institute puts forward a six-point plan which is intended to make clear the role of the applicant, the planning authority and the public, and to speed decisions on minor developments.

More good news for investment market from L and G

FURTHER CHEER this week for all sectors of the property investment market from the Legal and General Managed Fund. The prospect of some improvement in the economy should, according to L and G, provide an added impetus to the progressive improvement recorded during 1977.

L and G expects renewed interest in developments, despite problems such as planning, Development Land Tax and rising building costs. It hopes that they will at least be easier to face because of lower interest rates, falling inflation and increases in values and tenant demand.

Several development schemes have been studied in detail by L and G which says it is "well placed to take advantage of the best opportunities which will arise."

Last year, L and G spent £38.7m. on the acquisition of various property interests, plus another £3m. on further investments in existing holdings. During the year, the total market value of the fund rose from £169m. to £282m., with growth stemming from the flow of new money, transfers from former insured schemes, reinvested rents and interest and capital appreciation of the portfolio.

Gross rental income receivable for 1977, less ground rents payable, was £13.1m. against £7.9m. in the year before. Six properties were sold at figures in excess of investment value. The offer price of L and G units increased by almost 19 per cent. during the year.

A more cautious view of events, however, came this week from Standard Life chairman Lucien Rolland, who said that a period of rising profits, rents and yields on fixed interest investment which had contributed to high rates of bonus would not automatically continue.

If future results, he warned, are to be as good then profits would have to be maintained at high levels. He parted company from some commentators and advisers who optimistically assumed that the present favourable conditions are bound to continue unchanged in future.

Standard Life is budgeting to put £30m. into property this year, all by way of developments with Standard acting as the developer. The company, which has got out of buying prime completed property completely, last year put only £15m. into property because of planning delays on some sites and because one major development fell through altogether.

INDUSTRIAL AND BUSINESS PROPERTY

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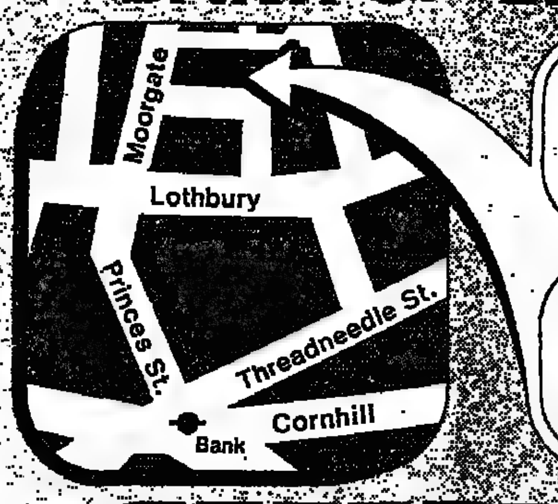

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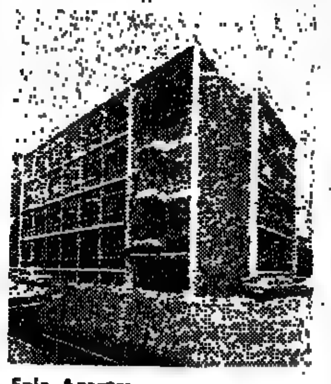

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WALL STREET + OVERSEAS MARKETS + FOREIGN EXCHANGES

Prices edge up after early weakness

BY OUR WALL STREET CORRESPONDENT

NEW YORK, March 16.

STOCKS MOVED ahead slightly in mid-session trading on Wall Street to-day, after overcoming some early weakness.

The support was attributed to optimism that a settlement could be reached in the coal strike. Also helping sentiment was the 0.8 per cent. rise in industrial production announced for February.

Closing prices and market reports were not available for this edition.

However, it was feared that the dollar's continued slide overseas would be an unsettling factor later.

The Dow Jones Industrial Average showed a loss of 2.43 at 11 a.m., but by 1 p.m. had recovered to show a gain of 0.60 at 759.18.

The NYSE All Common index—down 9 cents at 11 a.m.—was 3 cents ahead at $49.70 at 1 p.m., while volume amounted to 16.97m. shares.

By 1 p.m., Flexi-Van, a big percentage mover, was up $1¾ to $19¾, while Ferro had advanced $1¼ to $35¾.

Actives included Ramada Inns, up $¾ to $5¼, Smithkline down $¾ to $54 and Holiday Inns $¼ ahead at $16¼.

Worcester Controls gained $1¾ to $16¾—the company said it could not account for the stock's activity.

Earlier, British Petroleum, which reported lower 1977 earnings, was unchanged at $14¼.

On the AMERICAN SE, prices moved higher in moderate trading. The index had gained 0.53 to 126.62 by 1 p.m.

STP Corp., the volume leader, rose $¼ to $21¾. Presley Companies, also active, rose $1¼ to $11¼ and Interway $1¼ to $22.

WEDNESDAY'S ACTIVE STOCKS

	Stocks traded	Closing price	Change on day
Texas Utilities	556,200	20	—
Hercules Inc.	471,400	13½	+⅛
American Tel. Tel.	264,700	61⅞	+⅛
Cnr. Illinois Pub S.	249,600	13¾	—
Teleprompter Corp.	236,300	10⅝	+⅛
Airco Inc.	220,700	44	+4
BankAmerica Corp.	201,100	22¼	+⅛
Browning-Ferris Ind	183,700	11⅞	−⅛
Coca-Cola Btlg. N.Y.	163,800	9¼	+1½
Sears Roebuck	144,900	24¾	−⅛

OTHER MARKETS

Gains in Canada

Shares continued their advance in early trading on Canadian stock markets yesterday. At noon the Toronto Stock Exchange index was up 3.4 at 1,041.8 and the Montreal composite index 0.13 ahead at 177.97.

Oils and Gas stocks moved ahead more than five points to 1,383.4, while Golds dropped five points to 1,324.4. All the other sector indices showed slight gains except Utilities—off 0.22 at 183.12.

Bow Valley, which has a 20 per cent. interest in recent uranium discoveries by Esso Minerals Canada in Saskatchewan, jumped $C1 to $C36.

PARIS — Stocks consolidated yesterday's gains in busy trading. Early losses were wiped out and the market held firm on balance.

Banks were strong, with CIC up 6 per cent. Michelin continued to advance, putting on Frs.14 to 1,274.

Creusot-Loire, Frs.13.4 ahead at 81.0, and Saint Gobain, Frs.3 higher at 141, CFP and UTA were strong points.

BRUSSELS—Mostly lower in moderate trading. Cometra and Andre Dumont rose while Arbed put on B.Frs.25 to 3,335.

Sidro, Electrafina, Vieille Montagne, Hoboken, Clabecq, Sofina, UCB and St. Roch all fell.

Societe Generale de Banque, which announced an increased dividend for last year, gained B.Frs.15 to 2,900.

Petrofina and its Canadian and American units fell.

AMSTERDAM—Over a broad front led by Akzo, down 40 cents to Fls.21.2, and Hoogovens, off 50 cents at Fls.24.0; in Internationals.

Most big Banks firmed against the trend except for NMB, which lost Fls.1 to 188.5.

Other higher issues were Gistbrocades, IHC and Amev.

COPENHAGEN — Lower in active dealings. Banks were lower with isolated firm spots. The biggest trade of the day was in Handelsbanken—down Kr.¾ at 127¼ xd. Shipping stocks were higher with isolated weaker spots.

GERMANY—Prices movements were mixed with a steady undertone on institutional buying and technical factors after yesterday's sharp fall.

Leading Chemicals and Electricals were steady.

Duetsche led Banks lower with a fall of DM1 to 304.5. In Motors, BMW rose DM2 to 226, while Mercedes Holding gave up DM3.

SWITZERLAND—Weaker in quiet trading. Banks showed small losses, including Swiss Bank Cop., down Sw.Frs.1 to 348, and Credit Suisse, off Sw.Frs.10 to 2,335.

Oerlikon - Buehrle eased Sw.Frs.15 to 3,045 in steady Financials. Insurances were generally steady.

OSLO—Banking and Insurances steady. Industrials quiet.

VIENNA—Very steady, although activity was restricted. Union Bau Mat continued to ease, while Breweries ended irregularly. Goesser gained five points, but Oesterreichische Brau met some selling pressure. Laenderbank Preferred slipped in mixed Banks.

MILAN—Stocks fell over a broad front in nervous trading, following the news that Sig. Aldo Moro, the Christian Democrat party leader, had been kidnapped.

Selling pressure caused widespread losses, with Montedison falling 3 per cent. and Bastogi 2 per cent.

The bourse index was unavailable because of strike action.

MADRID—The market continued dull in thin trading. Seat was overbid, finishing unchanged at 58. The general index lost a quarter-point to close at 88.37.

TOKYO—Prices rose in active trading as fresh buying interest was stimulated by the cut in the official discount rate.

The Tokyo stock exchange index closed at a 1977-78 high of 398.86 for a gain of 1.58.

Selective buying spread over a wide front, with Steels, Electric Powers, big Capitals and big Assets leading the way.

JOHANNESBURG—Gold shares eased in line with lower bullion indications.

Financial minings were steady in light trading. De Beers recovered to end just a cent down at R5.67.

HONG KONG—Slightly easier in dull, featureless trading. Hong Kong Bank rose 10 cents to $HK17.20 and Hutchison Whampoa continued its recent advance, gaining 2½ cents to $HK3.80.

In slightly weaker properties Hong Kong Land fell 10 cents to $HK6.60 and Jardine Matheson 10 cents to $HK12.20.

AUSTRALIA—Mainly steady, with leading Industrials and Minings narrowly irregular, but rises in oil shale stocks.

In Mines, Thiess rose 10 cents to $A1.95, while Queensland and Kathleen fell on half yearly results.

Hopes for the Rundle oil shale deposits in Queensland saw Central Pacific rise 30 cents to $A2.50 and Southern Pacific 7 cents to 92.

Indices

NEW YORK - DOW JONES

	Mar. 15	Mar. 14	Mar. 13	Mar. 10	Mar. 9	Mar. 8	1977-78 High	1977-78 Low	Since compilat'n High	Since compilat'n Low
Industrial	758.58	762.56	759.86	758.58	760.00	760.87	999.75 (3/1/77)	742.12 (28/2/78)	1051.70 (11/1/73)	41.22 (2/7/32)
H'me B'nds*	89.86	89.87	89.85	89.72	89.56	89.54	93.67 (7/6)	89.33 (26/1/78)	-	-
Transport	203.39	205.10	201.40	201.88	198.51	200.14	246.64 (13/6)	198.31 (9/3/78)	279.88 (7/2/69)	13.23 (8/7/32)
Utilities	106.50	106.19	106.43	105.82	105.82	106.41	118.67 (22/2/77)	102.84 (22/2/78)	163.32 (20/4/69)	10.58 (28/4/42)
Trading vol. 000's †	25,840	24,580	24,670	27,050	21,820	22,650	—	—	—	—

* Basis of index changed from August 24

Ind. div. yield %	Mar. 10	Mar. 3	Feb. 24	Year ago (approx.)
	6.14	6.22	6.14	4.45

STANDARD AND POORS

	Mar. 15	Mar. 14	Mar. 13	Mar. 10	Mar. 9	Mar. 8	1977-78 High	1977-78 Low	Since Compilat'n High	Since Compilat'n Low
‡Industrials	97.99	98.30	97.84	97.76	96.84	96.56	118.92 (3/1/77)	96.52 (6/3/78)	134.64 (11/1/73)	3.52 (30/6/32)
‡Composite	89.12	89.65	88.95	88.84	87.96	87.84	107.00 (3/1/77)	86.90 (6/3/78)	125.85 (11/1/73)	4.40 (1/6/32)

	Mar. 8	Mar. 1	Feb. 22	Year ago (approx.)
Ind. div. yield %	5.56	5.57	5.47	4.17
Ind. P/E Ratio	8.46	8.40	8.45	10.45
Long Govt. Bond yield	8.20	8.23	8.27	7.76

N.Y.S.E. ALL COMMON

Mar. 15	Mar. 14	Mar. 13	Mar. 10	1977/78 High	1977/78 Low
49.85	49.76	49.54	49.42	57.87 (4/1/77)	48.37 (6/3/78)

Rises and Falls

	Mar. 15	Mar. 14	Mar. 13
Issues traded	1,857	1,843	1,848
Rises	672	803	789
Falls	715	536	600
Unchanged	470	505	454
New Highs	46	28	38
New Lows	20	24	19

MONTREAL

	Mar. 15	Mar. 14	Mar. 13	Mar. 10	1977-78 High	1977-78 Low
Industrials	186.74	185.06	185.66	186.00	196.47 (17/3)	156.02 (25/10)
Combined	177.84	177.18	176.82	176.36	187.56 (18/1/77)	165.68 (25/10)
TORONTO Composite	1038.4	1034.1	1031.7	1030.0	1067.4 (18/7)	981.6 (26/10)
JOHANNESBURG Gold	205.2	207.3	203.6	203.6	219.7 (1/2/78)	158.4 (24/6)
Industrials	195.8	194.9	194.3	198.4	214.4 (9/1/78)	169.1 (22/4)

	Mar. 16	Previous	1977-78 High	1977-78 Low
Australia(§)	447.90	446.66	479.43 (3/1/78)	418.65 (16/2/77)
Belgium (‡)	93.45	93.56	99.12 (10/1/77)	90.43 (12/1/78)
Denmark**	95.86	95.73	107.92 (9/6)	94.00 (6/2/78)
France (††)	57.8	56.7	56.4 (7/1/77)	43.6 (10/6)
Germany(‡‡)	789.3	789.6	813.3 (17/11)	712.5 (10/3/77)
Holland (§§)	77.5	76.1	93.2 (4/5)	75.6 (29/8)
Hong Kong (¶¶)	417.83	418.42	426.17 (11/8)	323.44 (13/1/78)
Italy (‖)	(u)	62.05	73.71 (5/1/77)	54.90 (22/12)
Japan (a)	399.86	395.38	399.86 (16/3/78)	360.49 (24/11)
Singapore (b)	273.16	273.60	275.60 (15/3/78)	242.35 (5/5)

	Mar. 16	Previous	1977-78 High	1977-78 Low
Spain (d)	88.37	88.62	100.00 (30/12)	88.37 (16/3/78)
Sweden (e)	367.13	367.65	416.68 (22/3)	286.68 (24/11)
Switzerl'd (f)	298.2	298.1	323.7 (14/2/78)	280.6 (14/3/77)

Indices and base dates (all base values 100 except NYSE All Common — 50 Standards and Poors — 10 and Toronto 300-1,000, the last named based on 1975) † Excluding bonds. ‡ 400 Industrials § 400 Inds., 40 Utilities, 40 Finance and 20 Transport. (¶) Sydney All Ord. (‖) Belgian SE 31/12/63. (**) Copenhagen SE 1/1/73. (††) Paris Bourse 1961. (‡‡) Commerzbank Dec., 1953. (§§) Amsterdam Industrial 1970. (¶¶) Hang Seng Bank 31/7/64. (‖‖) Milan 2/1/73. (a) Tokyo New SE 4/1/68. (b) Straits Times 1966. (c) Close. (d) Madrid SE 30/12/77—high and low for 1978 only. (e) Stockholm Industrial 1/1/58. (f) Swiss Bank Corp. (u) Unavailable.

NOTES: Overseas prices shown below exclude $ premium. Belgian dividends are after withholding tax.

◆ DM50 denom. unless otherwise stated. ♥ Ptas 500 denom. unless otherwise stated. ♣ Kr.100 denom. unless otherwise stated. ♦ Frs 500 denom. and Bearer shares unless otherwise stated. ¶ Yen 50 denom. unless otherwise stated. § Price at time of suspension. a Florins. b Schillings. c Cents. d Dividend after pending rights and/or scrip issue. e Per share. f Francs. g Gross div. %. h Assumed dividend after scrip and/or rights issue. k After local taxes. m % tax free. n Francs, including Unilac div. p Nom. q Share split. s Div. and yield exclude special payment. t Indicated div. u Unofficial trading. v Minority holders only. y Merger pending. * Asked. † Bid. § Traded. ‡ Seller. z Assumed. xr Ex rights. xd Ex dividend. xc Ex scrip issue. xa Ex all. Δ Interim since increased.

$ and gold weak

The U.S. dollar lost further ground in nervous trading in the foreign exchange market yesterday. It touched a best level of Sw.Frs.1.9350 in the morning but fell to Sw.Frs.1.8750, before closing at Sw.Frs.1.8775, compared with Sw.Frs.1.9335 on Wednesday. The dollar fell to a record low of Y231.70 in terms of the Japanese yen, before closing at Y232.05, compared with Y233 previously. The trend was the same against the D-mark, with the dollar touching DM2.0475 in the morning, but falling to DM2.0320, and closing at DM2.0345, compared with DM2.0482½ previously.

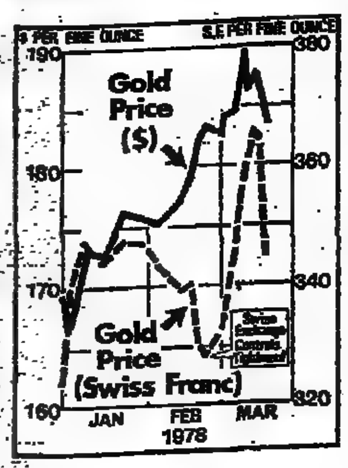
European central banks probably gave support to the dollar, following heavy intervention earlier by the Bank of Japan. Japanese commercial banks in London may have continued to intervene as agents for the central bank.

The dollar's trade-weighted index, as calculated by the Bank of England, fell to 89.9 from 90.2, while its depreciation, on Morgan Guaranty figures, widened to 5.58 per cent. from 5.25 per cent.

Sterling's index, according to the Bank of England, was unchanged at 64.3, after standing at 64.2 at noon and 64.2 in early trading.

The pound opened at its weakest level of the day, at $1.9070-1.9080, and after touching $1.9150-1.9160 in the afternoon, closed at $1.9140-1.9150, a rise of 75 points on the day.

Gold fell quite sharply in the afternoon, with most of the selling coming from the U.S. It closed at $183¾-184, a fall of $2¼ from Wednesday.



CURRENCY RATES

	Special Drawing Rights March 15	European Unit of Account March 16
Sterling	0.642085	0.651910
U.S. dollar	1.22465	1.24310
Canadian	1.37553	1.39766
Austria sch	18.1095	18.3706
Belgian franc	39.1459	39.7355
Danish krone	6.91192	7.02550
Deutsche m'k	2.51446	2.55455
Dutch guilder	2.68566	2.72946
French franc	5.79382	5.88890
Italian lira	1052.04	1068.63
Japanese yen	286.201	289.808
Norway krone	6.57025	6.66368
Spain peseta	98.0981	99.6253
Swedish krone	5.68115	5.76295
Swiss franc	2.38584	[illegible]

EXCHANGE CROSS-RATES

Mar. 16	Frankfurt	New York	Paris	Brussels	London	Am'dam	Zurich
Frankfurt	—	2.0330-45	43.27-47	6.415-435	3.885-895	96.40-60	107.60-85
New York	48.77-82	—	21.16-30	3.14-15	1.9140-50	45.62-72	51.69-68
Paris	230.41-91	4.687-699	—	14.80-856	8.98-98	215.65-6.15	246.86-7.46
Brussels	15.53-58	31.66-70	6.75-78	—	[illegible]	14.54-58	16.65-72
London	3.8½-0¼	1.9140-50	8.98½-99¼	60.50-80	—	4.15¾-16¼	3.58¾-59¼
Am'dam	10.80-5	2.171¾-4¼	46.32¾-7	6.8615-65	4.1525-75	—	114.7¼-7¾
Zurich	92.534-799	1.884-888	40.138-945	5.9470-634	3.6003-89	86.821-865	—

U.S. $ in Toronto U.S. $ = 112.98-99 Canadian cents*
Canadian $ in New York = 88.06-89.07 cents.* U.S. $ in Milan 856.5-857.0
Sterling in Milan 1,638.95-1,639.85. Rates for March 15 only

EURO-CURRENCY INTEREST RATES*

Mar. 16	Sterling	Canadian Dollar	U.S. Dollar	Dutch Guilders	Swiss franc	W. German mark
†Short term	6⅝-6⅞	6¼-7¼	6¾-7	5⅛-5⅜	⅛-¼	3⅛-3⅜
7 days notice	6¾-7	6¼-7¼	6¾-7	5⅛-5⅜	⅛-¼	3⅛-3⅜
Month	6¾-7	7-7⅜	6⅞-7⅛	5-5¼	⅛-⅛	3⅛-3⅜
Three months	7⅛-7⅜	7¼-7⅝	7⅛-7⅜	5-5¼	⅛-⅛	3⅛-3⅜
Six months	7⅜-7⅝	7½-7¾	7⅜-7⅝	4⅞-5⅛	⅛-⅛	3⅛-3⅜
One year	7⅞-8⅛	7¾-8⅛	7⅝-7⅞	5⅛-5⅜	1⅛-1⅜	3⅛-3⅜

Euro-French deposit rates: two-day 9½-10 per cent.; seven-day 9½-10 per cent.; one-month 9½-10½ per cent.; three-month 9½-10½ per cent.; six-month 9½-10½ per cent.; one-year 10¼-10¾ per cent.

Long-term Eurodollar deposits: two years 7¹¹⁄₁₆-8¹⁄₁₆ per cent.; three years 8¹⁄₁₆-8⁵⁄₁₆ per cent.; four years 8⁵⁄₁₆-8⁹⁄₁₆ per cent.; five years 8⁵⁄₁₆-8⁷⁄₁₆ per cent.

The following nominal rates were quoted for London dollar certificates of deposit: one-month 6.95-7.05 per cent.; three-month 7.07-7.17 per cent.; six-month 7.35-7.45 per cent.; one-year 7.50-7.60 per cent.

* Rates are nominal calling rates.

† Short-term rates are call for sterling, U.S. dollars and Canadian dollars two days' notice for guilders and Swiss francs.

GOLD MARKET

	Mar. 16	Mar. 15
Gold Bullion (a fine ounce) Close	$183¾-184	$185¾-186¼
Opening	$185-185¾	$185¾-186¼
Morning fix'g	$185.55 (£97.101)	$186.75 (£97.882)
Aftern'n fix'g	$184.25 (£96.330)	$186.35 (£97.642)
Gold Coin domestically Krugerrand	$189-191 (£98¾-99¾)	$191¾-193¾ (£100¼-101¼)
New Sov'gns	$56½-58½ (£29½-30½)	$56½-58½ (£29¾-30¾)
Old Sov'gns	$59½-61½ (£31-32)	$59¾-61¾ (£31-32)
Gold Coins (internat'lly) Krugerrand	$189-191 (£98¾-99¾)	$191¾-193¾ (£100½-101½)
N'w Sov'gns	$56½-58½ (£29½-30½)	$56½-58½ (£29¾-30¾)
Old Sov'gns	$59½-61½ (£31-32)	$59¾-61¾ (£31-32)
$20 Eagles	$297-300	$298-301

FOREIGN EXCHANGES

Mar. 16	Bank Rate %	Market Rates Day's Spread	Market Rates Close
New York	6½	1.9070-1.9160	1.9140-1.9150
Montreal	7	2.1460-2.1572	[illegible]
Amsterdam	4½	4.14¾-4.17¾	4.15¾-4.16¾
Brussels	6½	60.40-60.85	60.50-60.60
Copenhagen	9	10.69-10.75	10.70¾-10.71¾
Frankfurt	3	3.88-3.91	3.89¼-3.89¾
Lisbon	15	77.80-78.50	77.85-78.35
Madrid	8	152.55-152.90	152.65-152.75
Milan	11½	1,638-1,640	1,638¾-1,639¾
Oslo	8	10.15-10.19	10.18¼-10.17¼
Paris	9½	8.86-8.99¼	8.98¼-8.99¼
Stockholm	8	8.80¼-8.83¼	8.81¾-8.82¾
Tokyo	3½	443-456	444-446
Vienna	5½	27.95-28.25	28.05-28.15
Zurich	1	3.58¼-3.70	3.58¾-3.59¾

‡Rates given are for convertible francs. Financial franc 60.45-60.65.

OTHER MARKETS

		Note Rates	
Argentina	1,342-1,346	Argentina	1300-1400
Australia	1.668-1.6759	Austria	27¾-28¾
Brazil	41.22-42.22	Belgium	60-61½
Finland	7.9-8.00	Brazil	35-40
Greece	69.477-71.168	Canada	2.15-2.17¼
Hong Kong	8.60¼-8.8¼	Denmark	10.70-11
Iran	130-136	France	8.85-9.10
Kuwait	0.527-0.537	Germany	3.85-4.00
Luxemb'rg	60.40-60.85	Greece	65-70
Malaysia	4.49¼-4.51¼	Italy	1600-1660
N. Zealand	1.8578-1.8761	Japan	440-460
Saudi Arab.	6.36-6.56	Netherl'nds	418-428
Singapore	4.46¼-4.48¼	Norway	10.10-10.30
S. Africa	1.6489-1.6767	Portugal	72-81
U.S.		Spain	150-155
Canada		Switz'land	3.65-3.75
CSI.		U.S.	190¼-92
U.S. cents	89.80-89.01	Yugoslavia	36-37½

Rate given for Argentina is a free rate.

FORWARD RATES

	One month	Three months
New York	0.02 pm-0.18 dis	0.05-0.02 dis
Montreal	0.05-0.15 c. dis	0.28-0.38 c. dis
Amst'dam	7⅜-¼ c. dis	2⅛-1⅜ c. pm
Brussels	par-10 c. dis	10 c. pm-par
Cop'hgn.	6¼-8¼ ore dis	18-20 ore dis
Frankfurt	1⅜-⅜ pf. pm	3⅞-2⅞ pf. pm
Lisbon	70-160 c. dis	270-500 c. dis
Madrid	75-150 c. dis	285-350 c. dis
Milan	7-13 lire dis	26-32 lire dis
Oslo	5¾-7¾ ore dis	14-16 ore dis
Paris	2⅛-3⅛ c. dis	5¾-6¾ c. dis
Stockh'lm	2-4 ore dis	5¼-7¼ ore dis
Vienna	par-10 gro-dis	7-17 gro dis
Zurich	2-1⅜ c. pm	6⅜-5⅞ c. pm

Six-month forward dollar 0.08-0.13c dis. 12-month 0.10c pm—par.

OVERSEAS SHARE INFORMATION

Inv. $ Prem. at $2.60 to £—93¾% (95¼%)

Effective rate at (1.9145) 42⅞% (43¾%)

NEW YORK

[illegible]

CANADA

[illegible]

GERMANY ◆

[illegible]

TOKYO ¶

Mar. 16	Prices Yen	+ or −	Div. %	Yld. %
Asahi Glass	341		14	2.2
Canon	482	+20	12	1.2
Casio	595	+15	25	2.1
Chinon	386	+1	20	2.6
Dai Nippon Print	529		18	1.7
Fuji Photo	569	+4	15	1.3
Hitachi	225	−1	12	2.7
Honda Motors	570	+3	18	1.6
House Food	1,200	−57	35	1.5
C. Itoh	230	+15	12	2.6
Ito Yokado	1,260	−10	30	1.2
Jaccs	619	+7	13	1.0

[illegible]

Source: Nikko Securities, Tokyo

AUSTRALIA

Mar. 16	Aust. $	+ or −
ACMIL (25 cent)	†0.66	+0.07
Acrow Australia	†0.65	
Allied Mnt-Trdg. Indu. $1	†2.10	
Ampol Exploration	†1.38	−0.03
Ampol Petroleum	†0.72	
Assoc. Minerals	†0.76	
Assoc. Pulp Paper $1	†1.07	
Assoc. Con. Industries	†1.65	+0.05
Aust. Foundation Invest.	†0.86	+0.01
A.N.I.	†1.38	
Audimco	†0.35	+0.02

[illegible]

OSLO

Mar. 16	Price Kroner	+ or −	Div. %	Yld. %
Bergen Bank	91.0		9	9.9
Borregaard	66	−1.5	4	2.1
Creditbank	106xd		11	9.4
Kosmos	275		20	7.3
Kreditkassen	1[illegible]	+2	11	[illegible]
Norsk Hydro Kr.20	179	−1	12	6.9
Storebrand	[illegible]			

BRAZIL

[illegible]

Source: Rio de Janeiro SE.

JOHANNESBURG

MINES

[illegible]

INDUSTRIALS

[illegible]

Securities Rand $U.S.0.79½ (Discount of 31.08%)

SPAIN ♥

[illegible]

BRUSSELS/LUXEMBOURG

[illegible]

AMSTERDAM

[illegible]

SWITZERLAND ●

[illegible]

COPENHAGEN ♣

[illegible]

VIENNA

[illegible]

PARIS

[illegible]

MILAN

[illegible]

STOCKHOLM

[illegible]

هكذا من الأصل

FARMING AND RAW MATERIALS

Sudden rise in price of lambs

By Our Commodities Staff

THE AVERAGE PRICE of lambs marketed in England and Wales has jumped more than 10p a kilo (about 5p a pound) since the beginning of the week.

Market experts said yesterday the rapid rise was due mainly to a surge in confidence among buyers following the announcement from the Ministry of Agriculture last week of a 10 per cent. rise in the guaranteed price of lamb in the new season.

There was no question of prices rising because farmers were holding sheep back until the new guarantee took effect on March 27. Numbers going through markets had been about normal for the time of year.

Renewed interest among exporters has also influenced the market. There were fears that the French would have imposed a ban on lamb imports this week following two weeks of depression in continental markets. But an unexpected rise in prices in France helped keep the market open for U.K. traders.

At the start of the new marketing year on March 27 the guaranteed price for lamb rises to 39.9p a kilo. In the past week some buyers have been paying as much as 146p for top class lamb carcasses.

£60m. loan for Australian wool stockpile

By Our Commodities Staff

THE AUSTRALIAN Wool Corporation will borrow $A100m. (£60m.) abroad to finance its overseas wool stocks. Mr. Alf Maiden, chairman of the corporation, said. The loan would come from Chase Manhattan Bank and a consortium of Australian trading banks.

The corporation is understood to have 250,000 bales stockpiled overseas—most of it in Western Europe—to meet any urgent demand from processors.

Australian wool sales at auction fell to 2.38m. bales in the first eight months of the 1977/78 season from 2.56m. in the previous July/February period, the National Council of Wool Selling Brokers reported.

Meanwhile Mr. Hugh Pairse, managing director of the New Zealand Wool Board, said that New Zealand wool supplies to the international market were expected to remain about 300m. kilos for the next two seasons.

He told an International Wool Secretariat conference in London that production was expected to be about 320m. kilos from 61m. sheep by 1978/79, compared with an estimated 312m. kilos from 59m. sheep this season.

Lords applaud Brussels bid to hold down farm prices

BY CHRISTOPHER PARKES

THE COMMON Market Commission hs been congratulated on its "tougher" approach to farm price fixing by a House of Lords committee reporting on Brussels' proposals for the new year increases. The British Consumers' Association, on the other hand, is criticised as "over harsh" for demanding an even more restrictive approach.

In a separate report the Lords have attacked key sections of the Commission's proposals for the strict conditions under which Britain should be allowed to retain its monopolistic but highly effective milk marketing Boards.

In a report published yesterday the Select Committee on the European Communities welcomed the proposed prices package "as a sign of growing realism."

Brussels calculates that to retain farm profits at current levels an average increase in "common" prices of 4.2 per cent. is justified. But, in the interests of controlling surluses in cereals, sugar, milk, beef, wine and olive oil, it has limited its recommended rise to less than 2 per cent.

The committee is mildly critical of the idea that there should be any increase for these commodities, but appreciates the political impossibility of winning unanimous approval from the Council of Ministers for any more restrictive proposals.

The report suggests that although little can be achieved in reducing milk surpluses by price adjustments, the Commission might have put forward more ideas for encouraging consumption.

It is particularly critical of the plan to phase out by the end of this year the special EEC-funded butter subsidy now paid in Britain.

In its evidence to the committee, the Milk Marketing Board estimated butter consumption in the U.K. would fall from 400,000 tonnes to 370,000 tonnes in 1978-1979, and fall further to 355,000 tonnes in the following year.

The Board said that if the subsidy were retained butter consumption would probably still be more than 380,000 tonnes a year at the end of 1979.

In a separate report on milk, the committee rejects the proposal from Brussels that the Milk Marketing Boards should be subjected to a "popularity test" every five years to ensure that dairy farmers are still happy with them. It is suggested that because this would lead to uncertainty in investment polls should be held only when demanded by a minmum number of farmers.

The Lords also reject the proposition that the continued existence of the milk boards should depend on "arbitrary rules" on the amount of milk sold liquid for drinking.

It has been suggested that the boards should continue in their present form only as long as the proportion of liquid milk sold does not fall below 50 per cent. Evidence to the committee showed that by the early 1980s the proportion in all Board areas, with the possible exception of the north of Scotland, would probably be less than 50 per cent.

Plea for fish policy realism

BY RICHARD MOONEY

MR. PAUL TAPSCOTT, chairman of Associated Fisheries, Britain's biggest fishing company, has called for a more realistic line in Britain's negotiations with other EEC members on a new common fisheries policy.

While praising the tough line taken at the talks by Mr. John Silkin, Agriculture Minister, Mr. Tapscott said the Government should recognise that the other EEC fishing powers had already "moved quite a bit our way."

After the company's annual meeting in London yesterday Mr. Tapscott said he agreed with Mr. Silkin and the British Fishing Federation that the share of Common Market fish resources so far offered to Britain is inadequate. But he argued that the success of conservation measures embodied in the policy would greatly increase available stocks. He thought priority ought to be given to ensuring that Britain was granted the lion's share of these extra stocks.

Mr. Tapscott said the uncertainty surrounding the unresolved Brussels negotiations was doing great harm to Britain's fishing industry and delaying the restructuring which was recognised as inevitable in most quarters. The settlement of a common policy within the EEC would facilitate progress on securing access to third-country (non-EEC) resources. Exclusion from these areas was crippling the U.K. distant water fleet.

He shared the British Fishing Federation's dislike of catch quota restrictions on fishing. Effort limitation through a vessel licensing system or through "fishing plans" would almost certainly provide more effective conservation but the quota system favoured by other EEC members could be accepted in the short term in the interests of securing an early settlement.

Earlier Mr. Tapscott told his shareholders the British fishing industry would have to undergo a substantial alteration in its composition in the next few years. "We plan to play a leading part in this restructuring." In the future we believe that the industry can contribute to the prosperity of the U.K. as greatly as it has ever done in the past and we look to successive governments to provide the backing which every essential industry merits."

MALAYSIAN PALM OIL OUTPUT

KUALA LUMPUR, March 16.

PENINSULAR MALAYSIAN crude palm oil production fell to 93,592 tonnes in December from 112,472 tonnes in November and was slightly higher than the 83,891 tonnes in December, 1976.

Production for the year rose to 1.47m. tonnes from 1.26m. tonnes a year earlier.

Crude palm oil exports during the year totalled 577,538 tonnes for 1977, compared with 749,088 tonnes in 1976.

Stocks at the end of December totalled 118,588 tonnes.

Reuter

Oil deal in Burma

MITSUBISHI Oil, Mitsubishi Heavy Industries and Mitsubishi Corporation have signed a Y30bn. contract to build a big oil refinery in Mann, an oil-producing area in central Burma, AP-DJ reports from Tokyo.

The full-turnkey contract was signed formally with Burma's state-run Petrochemical Industries Corporation. Production capacity will be 25,000 barrels daily. The refinery will be completed in 1981.

BMW prices rise

BMW CAR prices are to rise by an average of 6 per cent. because of the increasing strength of the West German mark.

Sharp fall in tin market

By John Edwards, Commodities Editor

TIN VALUES tumbled on the London Metal Exchange yesterday with the cash price falling £170 to £5,865 a tonne—the lowest since July last year.

Heavy selling from one dealer in particular undermined the market after a firm opening. This triggered further sales as the market went below what was considered to be a significant chart point when three months price hit £5,950. Trading was very active with a turnover of 3,130 tonnes.

The tin market has been extremely nervous in the last few weeks following reports from Washington of various proposals, backed by the Carter Administration, to release surplus tin from the strategic stockpile.

But the sudden fall yesterday appears to be mainly attributable to mechanical market reasons, since the Straits tin price in Malaysia overnight rose $M12 to $M1,592 a picul.

Aiding the downward trend was the weakness in the value of the dollar that affected all metals. Copper cash wirebars dipped by £6.25 to £663.5 a tonne. Lead and zinc values also declined.

SYDNEY GOLD FUTURES MARKET

SYDNEY, March 16.

THE SYDNEY Futures Exchange has scheduled the start of its gold futures market for April 19.

Mr. Pat Nicholas, the exchange secretary said the first month to be traded would be August, 1978

The exchange would soon publish a document setting out details of the market,

Mr. Nicholas, confirmed the basis of the gold contract would be 50 ounces of 99.5 per cent. fine gold, deliverable in the form of negotiable warehouse receipts issued by the clearing house.

Trading months would be February, April, June, August, October and December up to 17 months ahead. Prices would be in Australian dollars.

Reuter

U.S. WILL USE LESS RICE

WASHINGTON, March 16.

DOMESTIC USE of rice for 1977-78 has been cut 1.5m. cwt. to 43.8m., the U.S. Agriculture Department said in a special agricultural supply and demand estimate.

It said smaller utilisation by brewers was expected to cut industrial use for the first time since 1970-71. Reuter

U.K. AGRICULTURE

Facing up to fear of the taxman

BY JOHN CHERRINGTON, AGRICULTURE CORRESPONDENT

AS A FARMER I have never been impressed by the fashionable argument that there is a need for the persistence of two-tier structure in farming with a landlord providing land and buildings—permanent capital that is—and the farmer the working capital. That British farming developed this way was simply an accident of history. Had we had a revolution—or conquest by Napoleon, whose Code forced the fragmentation of estates in most of Europe—the private landlord would have disappeared and something else would have evolved.

When I was born rather more than 90 per cent. of the land in Britain was tenanted. To-day the proportion is about 50 per cent. But there is no evidence that the tenanted portion is any worse farmed, or that the owner occupiers are crying out for a return of the squire. They have until now demonstrated that far from being short of the requisite capital, they can generate from their own farm profits enough funds for such development that they need to keep going.

This has always been my experience. I was a tenant for about 15 years and during that time any capital expenditure needed was provided by me; my landlords being unable or unwilling to provide the wherewithal. I did not expect them to. I felt I was the best judge of what was needed, and would be much better placed to spend the money wisely if it were my own.

I also knew that most farm development is fairly ephemeral. A system developed to-day will undoubtedly be out of date in 10 years' time, and possibly in five. Therefore, my spending has been on either flexible or disposable buildings. By flexible I mean, for example, to provide for livestock no more than a cover within which differing systems could be developed.

This might seem a hand-to-mouth policy, but in the last 40 years there have been at least four major innovations in cow housing, and heaven knows how many different ones for pigs. Any farmer who sank his all in one particular system would be out of date almost as soon as he got going and with no redress. A friend of mine once built the very latest piggery, decided he had got it wrong, bulldozed it down and started again.

There is an excellent argument for writing off farming buildings at the same rate against tax as machinery, which at the moment is 100 per cent. Not only do they depreciate quite as fast as machines but they add nothing to the value of the farm if it should have to be sold. They do not even have a scrap value. They should be part of the tenant's side of the equation.

Problem

The value of land itself is another problem. In earning terms land has usually been overvalued and landlords have always claimed they earn no more than 2 per cent. or 3 per cent. of its current value when let. The price of land has soared recently, not because of what can be earned from it, but because everyone recognises that in the last 15 years it has been a wonderful hedge against inflation.

Apart from the well-publicised purchases by institutions, farmers and many individuals have been buying and the price, now at more £1,000 an acre for reasonable land, is way beyond any reasonable return to be expected in the foreseeable future. This has become an embarrassment to many farmers and their families, who appreciate that the Capital Transfer Tax (CTT) on death or even on inter vivos gifts will probably be more than many estates will be able to bear, even with the concessions granted to small businesses in recent budgets.

Tenant farmers are nothing like so badly placed in this respect. The capital needed for running a farm is nothing like as large as that needed for simply owning it—probably no more than one third. With the budget concessions tenants should be able to make provision for paying CTT without harming the business unduly. But if £1,000 an acre is added for land, the prospect becomes impossible.

There is a good case for valuing land for CTT on death or transfer, not at its vacant possesion scarcity value, but at its farming value as one would other farming assets. If this is thought unfair to owners of non-farming assets, it could be surcharged if and when it is sold at a higher price.

If, on the other hand, it is insisted that land is valued not for its earning power but like Krugerrands for something entirely different, the farmer should be able either to sell portions sufficient to pay the tax while retaining occupancy, or use it directly as payment in kind of CTT.

This would be tantamount to nationalisation by morsels and would obviously lead to fragmented ownership, but I can see very little wrong in this—again as long as the farmer retains the right to farm.

In France they have low estate duties, but the enforcement of the *Code Napoleon* on the death of the owner has fragmented ownership. However, the larger farms are still farmed as one with the farmer owning perhaps the house, a steading, and some land while the rest of the land is rented from a host of investors, including the family.

Community farm incomes at standstill

BY GUY DE JONQUIERES, COMMON MARKET CORRESPONDENT

BRUSSELS, March 16.

AGRICULTURAL INCOMES in the EEC increased in real terms by an average of only 0.5 per cent. last year, compared with rises of 2.6 per cent. in each of the two preceding years. There were sharp differences between the rates of growth achieved in different countries.

The most spectacular national increase was in Ireland, where per capita farm incomes rose 21.5 per cent. in real terms. It was followed by Denmark (up 10.9 per cent.), France (up 8.6 per cent.) and Luxembourg (up 3.8 per cent.). In Britain per capita real incomes were unchanged, though there was a 1 per cent. fall in total farm income.

The biggest fall occurred in Germany, where real incomes fell 8 per cent. In Belgium they fell 6.7 per cent.,

According to the European Commission, which published these findings to-day, the wide variations between income trends in different countries last year reflected diverse factors, in particular the lingering effects of the severe drought of 1976 and heavy rainfall during certain crucial periods

COMMODITY MARKET REPORTS AND PRICES

BASE METALS

[illegible]

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	5985-6000	-70	5860-70	-170
3 months	5960-75	-65	5865-70	-140
Settlem't.	6000	-70	—	......
Standard				
Cash	5965-6000	-70	5860-70	-170
3 months	5960-70	-62.5	5865-70	-135
Settlem't.	6000	-70	—	......
Straits E.	†$1592	+12	—	......
New York	—	......	—	......

FOOD PRICE MOVEMENTS

[?]achine twenty-six ......FOOD PRICE MOVEMENTS......	March 16 £	Week ago £	Month ago £
BACON			
Danish A.1 per ton	1,060	1,060	1,030
British A.1 per ton	1,035	1,035	1,005
Irish Special per ton	1,035	1,035	1,005
Ulster A.1 per ton†	1,035	1,035	1,005
BUTTER			
NZ per 20 lbs	11.41/11.52	11.41/11.52	10.94/11.05
English per cwt†	67.37	65.27	65.37
Danish salted per cwt†	70.15/71.18	70.15/70.18	70.15/72.41
CHEESE¶			
NZ per tonne	1,161.50	1,161.50	1,161.50
English cheddar trade per tonne	1,219.42	1,219.42	1,219.42
EGGS*			
Home produce:			
Size 4	3.90/4.20	3.90/4.20	3.40/3.90
Size 2	4.40/4.90	4.40/4.90	3.70/4.40
	March 16 p	Week ago p	Month ago p
BEEF			
Scottish killed sides (ex-KKCF)	49.0/52.5	49.0/53.0	49.0/52.0
Eire forequarters	35.0/40.0	—	—
LAMB			
English	50.0/57.0	49.0/53.0	47.0/53.0
NZ PLs-PMs	44.0/46.5	44.0/46.0	44.0/46.0
MUTTON—English ewes	—	—	—
PORK—(all weights)	36.0/42.0	36.0/42.0	34.0/42.0
POULTRY—Broiler chickens	32.0/34.5	32.0/34.5	30.5/34.5

* London Egg Exchange price per 120 eggs. † Delivered. For delivery March 11-18.

COFFEE

Commission house selling forced Robusta coffee values sharply lower, confirming Wednesday's reversal, Drexel Burnham Lambert reports. Local dealers supported the market throughout the day but a limit-down opening in New York precipitated stop-loss selling in London. [illegible]

SILVER

[illegible]

COCOA

[illegible]

JUTE

[illegible]

RUBBER

EASIER opening on the London physical market. Fair interest throughout the day, closing uncertain. Lewis and Peat reported that the Malaysia godown price was 265 (266) cents a kilo (buyer, April). [illegible]

SOYABEAN MEAL

[illegible]

GRAINS

[illegible]

SUGAR

[illegible]

MEAT/VEGETABLES

[illegible]

WOOL FUTURES

LONDON—Dull and featureless. Bache reported.

[illegible]

... kilos. ... sale reports indicate a softening in prices before Easter. Business is quiet with little chance of an early improvement. Currency fluctuations are making most traders cautious.

SYDNEY GREASY—(in order buyer, seller, business, sales). Micron contract: March 336.0, 336.5, 336.0-336.0, 7; May 341.5, 342.0, 343.0-341.0, 11; July 346.2, 346.7, 348.5-347.0, 12; Oct. 351.0, 352.0, 354.0-351.5, 16; Dec. 355.0, 356.0, 358.5-355.5, 112; March 362.5, 362.8, 364.5-362.5, 107; May 365.5, 366.0, 367.0-365.0, 116; July 368.0, 368.5, 371.0-368.0, 11. Total sales: 390 lots.

Rhodesian tobacco crop disappoints

By Our Own Correspondent

SALISBURY, March 16.

TOBACCO GROWERS' receipts in Rhodesia last year fell more than £8m., according to the chairman of one of the country's two tobacco auction organisations.

Mr. C. G. Treacy said the growing sector had declined last year and the viability of a number of marginal producers had become suspect. The volume of tobacco sold at the Rhodesian sales last year fell 24 per cent., following disappointing weather.

Rhodesia does not publish tobacco output figures because of the need for sanctions security, but it is known that growers increased their acreages under tobacco considerably for the current season, which is just drawing to a close. Abnormally heavy rain — causing flooding in some areas — is understood to have sharply reduced yields so that the crop size will be lower in the 1978 sales season, further squeezing marginal producers.

Hopes of wheat accord soon

By Our Own Correspondent

GENEVA, March 16.

MR. JEAN PAROTTE, International Wheat Council executive secretary, said here he was reasonably optimistic negotiators would reach broad agreement by March 23 on the basic elements of a new accord regulating trade in wheat.

M. Parotte said the broad agreement he envisaged would cover reserve stocks of wheat to be used to control market supplies and prices, supply and purchase commitments at certain price levels for exporters and consumers, food aid to developing countries, and coarse grains.

If major issues remain unresolved the present conference will probably have to reconvene before July, since the wheat talks are linked with world trade negotiations

PRICE CHANGES

Prices per tonne unless otherwise stated.

	Mar. 16 1978	+ or —	Month ago
Metals			
Aluminium	£680	......	£680
Free market (cif)	$950-60	......	$955/65
Copper cash W. Bars	£663.5	-6.25	£636.75
3 months do. do.	£677.75	-6.75	£650.25
Cash Cathode	£654	-6.0	£626.5
3 months do. do.	£668.5	-6.25	£640
Gold......Troy oz.	$183.825	-2.5	$178.625
Lead Cash	£310.5	-3.5	£300.5
3 months	£314.25	-3.5	£306.5
Nickel	‡	......	—
Free Market (cif)	$1.9-2.04	......	$1.85-2.0
Platinum troy oz.	£114.50	......	£108.5
Free Market	£121.15	......	£118.85
Quicksilver (76lb.)	$128/33	+5.0	$127-32
Silver troy oz.	283.4p	-1.5	257.55p
3 months	288.4p	-1.4	261.85p
Tin Cash	£5,865	-170.0	£6,195
3 months	£5,865	-155.0	£6,125
Wolfram 22.01lb. cif	$149-55	......	$145-50
Zinc cash	£265.5	-4.0	£252.75
3 months	£266.25	-4.25	£254.75
Producers	$550	......	$650-60
Oils			
Coconut (Phil)	$685x	+12.5	$572.5
Groundnut	£641	-6.0	£599
Linseed Crude (e)	$309	......	$271
Palm Malayan	$585z	-15.0	$527
Seeds			
Copra Philip.	$445w	+5.0	$395
Soyabean (U.S.)	$278z	+0.1	$238
Grains			
Barley EEC	‡		‡
Home Futures	£73.25	+0.1	£71.65
Maize			
French No. 3 Am	£101.5	+1.5	£98.5
Wheat			
No. 1 Red Spring	£89.5	......	£86.75
No 2 Hard Winter	‡	......	‡
English Milling	£96.5	......	£95
Cocoa shipment	£1,938	+21.0	£1511
Future May	£1,891	+9.5	£1,455.5
Coffee Future May	£1,422.5	-54.5	£1,594
Cotton 'A' Index	68.7p	+0.1	66.55c
Rubber kilo	48.25p	-0.5	46.5p
Sugar (Raw)	£98	-1.0	£105
Wooltops 64s kilo	270p	-2.0	271p

Nominal. ‡ Unquoted. z Seller's quotation. c Cents a pound. v Ex-tank London-Hull. e April. t March-April. x Feb.-April. w April-June. y March-May. s April-May. z May. ‡ Per ton.

COMMODITY PRICES RISE

WASHINGTON, March 16.

WORLD COMMODITY prices rose 2.4 per cent. in January to 231.1 per cent. of their 1970 base, the International Monetary Fund said. In December, the index stood at 226.6.

The IMF said in its "memorandum" the price moves in January were mixed, Reuter

FINANCIAL TIMES

Mar. 15	Mar. 14	Month ago	Year ago
237.58	235.94	226.04	287.01

(Base: July 1, 1952=100)

REUTER'S

Mar. 16	Mar. 15	Month ago	Year ago
1394.9	1394.4	1401.0	1748.5

(Base: September 18, 1931=100)

DOW JONES

Dow Jones	Mar. 16	Mar. 14	Month ago	Year ago
Spot	358.69	359.95	348.39	441.92
Futures	343.42	345.74	329.40	429.83

(Average 1924-25-26=100)

MOODY'S

Moody's	Mar. 16	Mar. 14	Month ago	Year ago
Spie Commty	906.9	905.4	907.5	987.2

(December 31, 1931=100)

U.S. Markets

Silver up; gold and coffee fall

GOLD CLOSED lower on trade hedge-selling and Commission House stop-loss selling. Silver ended slightly higher in nervous trading over recent tension in the Middle East, Bache reported. Coffee finished limit-down on light trade selling, after an inactive physical market. Sugar was steady on continued scattered short-covering.

Cocoa—March 165.15 (164.00), May 158.25 (159.25), July 151.15, Sept. 147.85, Dec. 142.65, March 139.45, May 137.75, July 136.06. Sales: 784 lots.

Coffee—"C" Contract: March 180.75-181.00 (183.75), May 158.50-158.75 (162.50), July 143.38 asked, Sept. 137.75-139.50, Dec. 125.50 asked, March 123.00 asked, May 119.50 asked, July 117.30 asked. Sales: 980 lots.

Copper—March 59.70 (59.60), April 60.00 (59.90), May 60.50, July 61.50, Sept. 62.50, Dec. 64.00, Jan. 64.50, March 65.50, May 66.50, July 67.50, Sept. 68.50, Dec. 70.00, Jan. 70.50. Sales: 7,800 lots.

Cotton—No. 2: May 58.35-58.45 (58.40), July 59.50-59.65 (59.47), Oct. 60.55, Dec. 61.25-61.30, March 62.10, May 62.50-62.85, July 62.90-63.50. Sales: 435,000 bales.

*Gold—March 183.10 (185.50), April 183.70 (186.20), May 184.90, June 186.30, Aug. 189.00, Oct. 191.70, Dec. 194.40, Feb. 197.10, April 200.20, June 203.30, Aug. 206.30, Oct. 209.30, Dec. 212.30, Feb. [illegible]

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STOCK EXCHANGE REPORT

Equity leaders rally from dull start to close at best

Another tap change in firm Gilts—BP recover early fall

Equity leaders rally from dull start to close at best. Another tap change in firm Gilts-BP recovery early fall.

Leading equities yesterday overcame a hesitant start and disappointing figures from BP to close at the day's best after a thin business. Opening prices were easier in line with the overnight dullness, but picked up in the absence of sellers and held at slightly better values for most of the day. A further improvement occurred in the late after-hours trade and a 3 p.m. rise of 2.4 in the FT 30-Share Index was extended to one of 4.4 at the close of 458.3.

Four of the index constituents ended unaltered with the rest mostly showing gains to a couple of pence, including BP at 746p, after 720p. Lucas Industries, Hawker Siddeley and Beecham were prominent with rises of 5 to 12p. The late move forward was largely technical, probably reflecting the fact that the week's economic pointers, mostly encouraging, are now out of the way. The slowdown of growth in the latest money supply figures was much as expected and had no apparent impact.

British Funds held the recent firm tone, the recently controlled rise being reflected in a further modest 0.07 improvement in the Government Securities Index at 76.03. This is its highest since the beginning of last month. Both tap stocks were firmly against their official selling prices and both were operated.

Apart from the late gains in the leaders, notable price movements for the best part of the day usually centred on company trading and other statements, or the current speculative favourites. A lower level of trade was indicated in official markings of 4,524. This was much the same as the week-ago level but well below the average of over 5,300 in the intervening four days. Falls outnumbered rises, by 6-to-5, in all FT-quoted Industrials for the first time since Monday of last week, but the FT-Actuaries indices showed fairly numerous small gains.

Renewed Gilts demand

The Bank of England's call for caution in Budget reflation stimulated further interest in Gilt-edged, albeit in lesser volume than the previous day. Nevertheless, the demand was sufficient to enable the Government broker to raise his price for supplies of the short tap, Exchequer 8½ per cent. 1983, to 90½, a level which he withdrew late in the day. The long tap Exchequer 10½ per cent. 1995 was also established at a new price, 90½, but only a small amount of stock was thought to have been bid for. Thus, with both taps operating the upturn at both ends of the market was again limited to ⅛ apart from a few selected issues which included Treasury 12 per cent. 1983, up ⅜ at 109⅛. The money supply figures made no impression on sentiment. Corporations continued to reflect the tone in the main funds and gained ⅛ in places, but Southern Rhodesian bonds eased, the 2½ per cent. 1965/70 issue closing 2 points lower at £60.

With recent buyers seemingly having fulfilled their needs, the investment currency market became unwilling in the face of routine offerings and the premium reacted to close 2¾ lower at 93½ per cent. Sterling's firmer tendency was also a contributory factor in the downturn. Yesterday's SE conversion factor was 0.7017 (0.6927).

Alex. Howden bought

Home Banks began the day a little soft but gradually firmed to close better, where changed Lloyds were 3 dearer at 270p and Midland 2 harder at 350p, while Barclays regained an initial loss of 3 when reverting to the overnight level of 325p. Discount Houses turned indecisive, Alexanders rising 5 to 230p and Jessel Toynbee 3 to 75p, but Brown Shipley slipping 5 to 300p. Merchant Banks and Hire Purchases were seldom tested.

Like Banks, Insurances opened slightly lower but eventually regained the small losses. General Accident settling without alteration at 224p, after 220p. In Life issues, Britannic again warmed to the increased dividend, gaining 4 more to 160p. Publicity given to a chat buy signal directed interest to Alexander Howden, which rose 4 to 171p, in Brokers.

Press comment on the interim report directed attention to A. Bell, which closed 6 higher at 234p. Irish Distillers contrasted with a reaction of 2½ to 122p on light profit-taking following the previous day's jump of 8½. Breweries fluctuated narrowly and closed with little alteration. Bass Charrington held at 151p, while Allied, 88p, and A. Guinness, 168p, both finished a penny better.

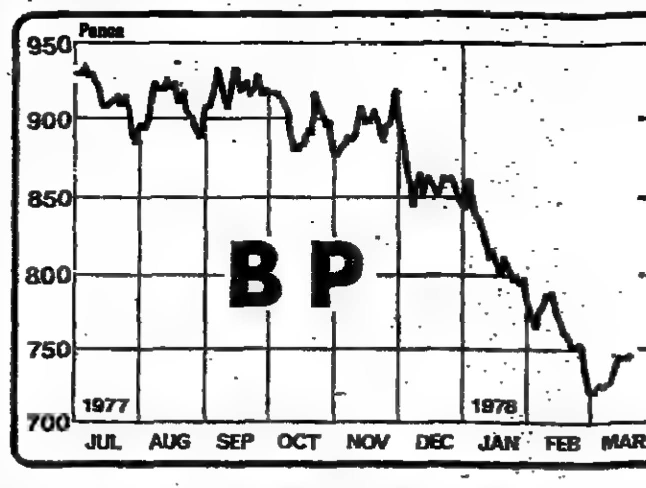
Occasional selective buying interest was seen in secondary Building issues. Marchwiel firmed 4 to 232p following the chairman's remarks on the company's U.K. prospects, and J. Jarvis improved 3½ to 163½p in a thin market. Contracting and Construction issues were narrowly mixed; R. Costain eased 2 to 246p, and Tilbury cheapened a penny to 238p. However, Taylor Woodrow, 358p, and Aberdeen Construction, 87p, both held small gains. In the leaders, AP Cement firmed 2 to 236p, after 233½p, but London Brick remained at 65p.

Stewart Plastics were again an active speculative counter and moved between extremes of 130p and 143p before closing unaltered at 135½p. ICI edged up to 347p.

Initially 4½ to the good at 124½p, HTV N/V closed 2½ up at 121½p after the interim figures.

Stores better

Trade remained at a low level in Stores which managed to recoup most of the previous day's losses. Gussies "A", at 282p, regained 6 of the previous day's fall of 8. Debenhams rallied 3 to 100p, while Marks and Spencer, 147p, and House of Fraser, 134p, put on 2 apiece. Among secondary issues, Waring and Gillow stood out at 84p, up 4, reflecting the sharply increased profits. Austin Reed "A" improved similarly to 73p, while Raybeck, 68p, and Vernon Fashion, 73p, put on 2 apiece. James Walker Non-Voting fell 2 to 75p for a two-day loss of 6 on the first-half profits setback.



Down to 256p initially, GEC rallied on sporadic demand to settle at 260p for a rise of 2 on balance. Elsewhere in the Electrical sector, further consideration of the results and proposed scrip issue left T. Clarke 3 firmer at 26p, while H. Wigfall advanced a similar amount to 233p, despite the further rejection of the increased offer from Comet Radiovision.

Little of interest occurred in the Engineering sector. Inclined easier at the start, the leaders picked up to close with modest gains on balance. GKN eased to 275p before settling at 278p for a net rise of 2, while similar gains were marked against Tubes, 383p, and John Brown, 278p. Among secondary issues, Adwest were again favoured and put on 4 more to 240p, but sporadic offerings left Davy International that amount down at 217p. Wolseley-Hughes, up 5 at 187p, reflected satisfaction with the preliminary results, while demand ahead of the results, due shortly, left Glynwed 3½ to the good at 105p. The sharp first-half profits increase continued to help Stothert and Pitt, which hardened 2 further to 152p. Gains of 2 were also recorded in Birmingham Pallet, 87p, Spear and Jackson, 120p, and United Engineering, 81p.

Bernard Matthews continued firmly in Foods, rising 5 to 142p for a two-day gain of 12 in a restricted market. Investment demand took Rowntree Mackintosh up 8 to 378p, while A. G. Barr, 72p, and Associated Dairies, 228p, put on 2 apiece. Bluebird Confectionery edged forward a penny to 160p in front of to-day's interim statement, while Tate and Lyle, at 198p, regained half of the previous day's loss of 4 which followed the chairman's profits warning. By way of contrast, Bejam became a nervous market and eased 2 to 87p; interim figures are expected on March 29. Prince of Wales, 3 better at a 1977-78 peak of 118p, provided the sole noteworthy movement in Hotels and Caterers.

Reed Int. dull late

Reed International turned dull late at 112p, down 6, on news that the negotiations to sell its interests in Stanger Pulp and Paper (Pty) and Reed Nampak had proved abortive. In contrast, other leading miscellaneous industrial leaders picked up from a slightly easier start to finish on a firm note. Down to 608p initially, Beecham ended with a rise of 12 on the day at 622p, while Glaxo, 527p, and Unilever, 484p, closed 7 and 6 to the good respectively. Fresh demand ahead of next Monday's results lifted Booker McConnell 8 further to 223p, while the almost double annual profits prompted a rise of 4½ to 53½p in James Wilkes. Other good spots in response to favourable trading statements included Gibbons Dudley, up 4 at 63p, and Mills Marsters, 3 higher at 146p. Pauls and Whites, an old takeover favourite, firmed 3 to 123p, while continued speculative demand pushed I and J. Hyman up 3 further to 35p. Esperanza were against favoured and put on 4 more to 133p, but losses of a few pence were sustained by Wilson Walton, 67p, Denbyware, 71p, and Leisure Caravans, 100p.

The announcement that the group is planning to shut its aerospace factory on Merseyside with a gradual transfer of work to plants in Birmingham made little impact on Lucas Industries which rose 5 to 267p for a two-day gain of 7; the interim results are expected on March 30. Other Motors and Distributors were idle and little changed. Alexanders hardened a penny to a 1977-78 peak of 21½p with the help of call-option business, while Tate of Leeds, 54p, and Lookers, 57p, put on 2 and 2½ respectively. On the bid scene, W. J. Reynolds hardened 2½ more to a 1977-78 peak of 40p on hopes that Manchester Garages will increase its offer; Manchester hardened a penny to 39p for a two-day gain of 2½ on the preliminary figures.

Renewed demand, partly speculative, found stock of News International none too freely available and the price spurted 12 more to 260p. Home Counties were also firm in Newspapers at 64p, up 4, but Publishers William Collins slipped to 120p on the lower profits before rallying to end only marginally easier at 124p. Richard Clay responded to the good preliminary figures and proposed scrip issue with a rise of 5 to a 1977-78 peak of 67p, while Jefferson Smurfit gained 4 further to 189p on analysts' hopes of an improved profits last year; the figures are due within the next six weeks. Elsewhere, Melody Mills hardened 2 to 74p and Mills and Allen picked up 3 to 183p.

Leading Property shares passed a quiet session and were little changed. Secondary issues firmer for choice included Chesterfield, 308p, and Glanfield, 275p, both of which added 5. Elsewhere, R. Green firmed 2½ to 44½p in response to higher half-yearly earnings.

BP dip and rally

The immediate reaction to the eagerly awaited results from British Petroleum was of marked disappointment; already easier at 736p in front of the figures, BP fell to 720p on them before recovering to a House close of 730p and rallying further in the late dealings on U.S. influences to finish 2 dearer on the day at 746p. Elsewhere in Oils, Shell eased to 498p in sympathy with BP, but recovered to settle at 500p, unaltered on balance. Speculative issues were featured by Oil Exploration which touched 216p on news of the oil discovery in block K 16/17 of the North Sea before closing at 212p for a rise of 8 on the day. CCP firmed 25p to 975p, but Sceptre Resources gave up 11 to 341p.

Among Overseas Traders, Sime Darby eased briefly to 117p on slight disappointment with the interim figures and capital proposals before recovering to close 2½ better on balance at 124½p.

Japanese issues were again prominent in Investment Trusts, closing with fresh gains following a reasonable two-way business prompted by the publication of the country's latest economic measures. Crescent Japan rose 5 to 141p for a two-day gain of 10½, while modest rises were seen in G.T. Japan, 110p, and Jardine Japan, 118½p. In Financials, Brittania Arrow edged forward a penny to 20½p mirroring satisfaction with the deal whereby the company is disposing of its life assurance interests.

Shippings had a firmer inclination with British and Commonwealth rising a penny to 266p and Ocean Transport 2 to 131p. John I. Jacobs moved up marginally to 41p in belated response to the results.

Mackinnon of Scotland revived in Textiles with a rise of 5 to a 1977-78 peak of 37½p. Small and Tidmas closed a penny up at 29p despite news of the reduced earnings, but Lister eased a penny to 48p in front of to-day's interim figures. Imps hardened 1½ to 80p in otherwise little-changed Tobaccos.

Gold Fields Properties remained on offer in South African Industrials, losing 5 to 73p for a two-day fall of 11.

Fresh falls in Golds

The weakness of the bullion price in overnight transatlantic markets and the consequent fall here prompted further heavy losses in South African Golds with the Gold Mines Index another 5.6 down at 155.5 for a two-day reaction of 10.8.

The bullion price was finally $2.50 off at $183.625—a two-day loss of $4.25—following reported heavy U.S. selling despite the further decline in the dollar and the recent Middle East troubles. Also influencing the falls in Golds was the decline in the investment currency premium.

Shares were marked down from the outset of trading and selling was generally confined to the morning session. In the afternoon prices moved narrowly but were still around the day's lowest levels at the close.

Among the heavyweights Randfontein were the worst affected and closed £1¼ down at £34, while Western Holdings gave up ⅞ at £18⅛. Falls of ⅝ were common to Hartebeest, £10⅛, Free State Geduld, £16½ and President Brand, £10.

Medium-priced issues showed Libanon 33 off at 513p and Kloof 26 cheaper at 445p. In the marginals West Rand Consolidated dropped 13 to 104p and Durban Deep 19 to 275p.

South African Financials weakened in line with the bullion price and gold shares. Still reflecting the half-year results Anglo-Vaal declined 20 more to 640p. "Amgold" fell ⅞ to £16⅛ and "Johnnies" ⅞ to £11⅛. De Beers closed 10 down at 327p.

Platinums eased in the late trade after initially moving ahead in response to favourable Press mention. Lydenburg closed 2 easier on balance at 71p, after 74p, while Bishopsgate gave up the same amount to 78p, after 81p. Rustenburg were unchanged on balance at 90p, after 93p.

Australians generally gave ground in line with overnight domestic markets and reflecting the lower premium. Western Mining, however, continued to reflect Wednesday's news that the company had encountered hydrocarbons in the Houtman No. 1 well offshore Western Australia, the shares put on 2 more to 183p.

FINANCIAL TIMES STOCK INDICES

	Mar. 16	Mar. 15	Mar. 14	Mar. 13	Mar. 10	Mar. 9	A year ago
Government Secs.	76.03	75.96	75.82	75.65	75.66	75.65	60.38
Fixed Interest	78.38	78.42	78.25	78.12	77.89	77.83	57.86
Industrial Ordinary	458.3	455.9	460.4	459.6	459.0	450.5	403.8
Gold Mines	155.5	161.1	166.3	161.6	157.8	163.6	134.1
Ord. Div. Yield	5.90	5.96	5.89	5.89	5.91	6.01	6.15
Earnings Y'ld % (full)(*)	17.36	17.52	17.31	17.32	17.37	17.68	15.79
P/E Ratio (net) (*†)	8.08	8.00	8.10	8.10	8.07	7.94	9.24
Dealings marked	4,924	5,863	5,525	5,597	5,401	4,742	7,466
Equity turnover £m.	—	71.20	77.01	84.07	100.06	88.98	98.57
Equity bargains total	—	14,986	16,298	16,388	15,592	14,927	19,195

10 a.m. 455.8. 11 a.m. 456.8. Noon 458.2. 1 p.m. 455.7.
2 p.m. 456.3. 3 p.m. 456.3.
Latest Index 01-246 8026.
* Based on 52 per cent. corporation tax. † Nil=8.83.
Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ind. Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

	1977/78 High	1977/78 Low	Since Compilation High	Since Compilation Low
Govt. Secs.	79.85 (30/9)	60.45 (4/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	81.27 (6/1/78)	60.49 (4/1)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	549.2 (14/9)	357.6 (12/1)	549.2 (14/9/77)	49.4 (26/6/40)
Gold Mines	174.5 (15/10)	95.1 (1/2)	442.3 (22/5/75)	43.5 (26/10/71)

S.E. ACTIVITY

	Mar. 16	Mar. 15
—Daily		
Gilt-Edged	193.1	205.8
Industrials	150.4	186.5
Speculative	48.1	45.3
Totals	109.8	128.5
5-day Average		
Gilt-Edged	185.4	181.7
Industrials	178.3	175.8
Speculative	51.7	58.9
Totals	122.8	122.5

OPTIONS TRADED

Stocks favoured for the call included William Press, KCA Drilling, Burmah Oil, UDT, A. F. Bulgin, Ladbroke Warrants, Lonrho, Libanon, ICI, Bridgend Processes, Queens Moat, Britannia Arrow, Fitzwilton, London Provincial Shop, Capper-Neill, William Whittingham, Intereuropean Property, More O'Ferrall, Alexanders Holdings, Grand Metropolitan, Ultramar, BSG International, French Kier, Swan Hunter, Maple Macowards, Dunlop and British Land. A put was taken out in Capper-Neill, while doubles were arranged in Siebens (U.K.), Garford Lilley, Wilmot-Breeden, English China Clays, Purchey, Plessey, BSR, NatWest, GEC, ICI, Britannia Arrow, F. W. Woolworth, Capital and Counties Property, Intereuropean Property and Fitch Lovell. A short-dated double was arranged in BP.

NEW HIGHS AND LOWS FOR 1977/78

The following securities quoted in the Share Information Service yesterday attained new Highs for 1977-78. There were no new Lows.

NEW HIGHS (33)

BRITISH FUNDS (1)
Exchqr. 8½pc 1983

CORPORATION LOANS (2)
L.C.C. 6pc 76-79 Mods. 5½pc 1980

AMERICANS (1)
Reliance

BUILDINGS (4)
Pochins Warrington
Royco Whittingham (W.)

CHEMICALS (1)
Ciba Geigy 7½pc Ln.

CINEMAS (1)
HTV N.V.

DRAPERY & STORES (1)
Vernon Fashion

ELECTRICALS (1)
Rediffusion

ENGINEERING (1)
Birmingham Pallet

FOODS (1)
Barr (A. G.)

HOTELS (1)
Prince of Wales

INDUSTRIALS (4)
AGB Research Sec. Serv. A N-V
Hyman (I. & J.) Wilkes (J.)

MOTORS (3)
Alexanders Reynolds (W. J.)
Quick (H. & J.)

PAPER (1)
Clay (R.)

PROPERTY (1)
Green (R.)

TEXTILES (3)
Mackinnon Small & Tidmas
Reed (Wm.)

TRUSTS (2)
Suez Finance Yule Catto

OVERSEAS TRADERS (1)
Sime Darby

RUBBERS (3)
Consid. Plantations Moar River
Kulim

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	46	1	29
Corpns. Dom. and Foreign Bonds	20	2	44
Industrials	280	386	917
Financial and Prop.	64	50	305
Oils	7	13	20
Plantation	5	2	25
Mines	7	70	46
Recent Issues	7	5	12
Totals	435	492	1,533

FT—ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS — GROUPS & SUB-SECTIONS. Figures in parentheses show number of stocks per section

	Equity groups	Thurs., March 16, 1978 Index No.	Day's Change %	Est. Earnings Yield% (Max.) Corp. Tax 52%	Gross Div. Yield% (ACT at 34%)	Est. P/E Ratio (Net) Corp. Tax 52%	Weds. Mar. 15 Index No.	Tues. Mar. 14 Index No.	Mon. Mar. 13 Index No.	Fri. Mar. 10 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (170)	199.77	+0.3	17.71	5.84	7.97	199.18	200.66	200.12	198.78	162.80
2	Building Materials (27)	178.74	—	17.08	5.92	8.35	178.66	179.92	179.53	176.78	140.33
3	Contracting, Construction (28)	306.16	+0.2	18.77	4.21	7.95	305.53	308.84	307.96	306.55	234.43
4	Electricals (15)	437.97	+0.5	15.19	4.04	9.40	435.93	440.60	436.58	438.12	342.87
5	Engineering Contractors (14)	282.87	−0.6	17.55	7.13	7.80	284.63	285.66	286.06	283.23	216.07
6	Mechanical Engineering (71)	156.58	+0.5	19.41	6.55	7.32	155.85	156.98	157.11	156.50	149.18
8	Metals and Metal Forming (17)	160.79	+0.4	19.33	8.50	6.84	160.23	160.40	160.47	160.04	140.83
	CONSUMER GOODS										
11	(DURABLE) (52)	182.77	+0.5	18.76	5.16	7.72	181.87	183.26	182.59	180.28	150.98
12	Lt. Electronics, Radio TV (15)	219.41	+0.4	16.23	3.86	8.90	218.46	220.19	220.09	219.58	171.35
13	Household Goods (12)	165.13	+0.3	19.13	7.41	7.10	164.65	164.94	164.66	162.95	149.18
14	Motors and Distributors (25)	112.05	+0.6	22.71	6.71	6.48	111.33	112.29	111.36	109.68	98.41
	CONSUMER GOODS										
21	(NON-DURABLE) (176)	191.09	+0.5	16.79	6.06	8.25	190.11	192.20	191.51	191.17	161.17
22	Breweries (14)	219.29	+0.2	14.88	6.06	10.18	218.77	0.0	218.37	216.17	172.28
23	Wines and Spirits (6)	242.85	+0.7	17.03	5.92	8.90	241.08	243.30	242.75	243.20	181.31
24	Entertainment, Catering (17)	239.41	+0.1	16.89	7.20	8.60	239.21	241.96	242.09	239.42	200.43
25	Food Manufacturing (22)	180.92	+0.7	21.94	6.02	6.43	179.75	182.00	182.09	180.52	173.05
26	Food Retailing (16)	184.62	+0.2	14.91	4.95	9.68	184.33	183.51	184.39	182.14	162.45
32	Newspapers, Publishing (13)	306.42	+0.6	10.97	4.08	13.55	304.54	305.50	307.46	299.96	256.78
33	Packaging and Paper (15)	125.87	−0.5	21.17	9.29	6.79	126.53	127.48	127.21	127.08	113.51
34	Stores (39)	178.84	+1.1	10.82	4.44	13.58	176.96	180.71	179.67	181.76	137.06
35	Textiles (25)	166.63	−0.4	22.22	8.09	5.58	167.36	168.30	168.08	165.78	161.67
36	Tobaccos (3)	239.28	+0.6	23.14	7.83	5.14	237.74	238.23	235.88	236.96	215.27
37	Toys and Games (6)	99.55	+0.1	20.39	5.96	6.59	99.44	98.91	99.98	99.62	87.49
41	OTHER GROUPS (97)	181.88	+0.6	17.03	6.07	7.77	180.85	181.95	181.82	180.29	169.11
42	Chemicals (19)	250.68	+0.4	18.98	6.91	7.07	249.88	252.26	251.30	250.11	232.32
43	Pharmaceutical Products (7)	238.58	+1.2	11.53	4.16	11.12	235.81	237.39	237.86	236.72	0.00
44	Office Equipment (6)	127.16	+0.6	19.09	4.89	6.15	126.39	127.18	126.02	123.54	109.12
45	Shipping (10)	431.85	+0.3	22.80	6.79	5.19	430.38	432.84	430.73	428.66	477.47
46	Miscellaneous (55)	189.01	+0.4	16.79	6.53	8.45	188.18	188.45	189.17	186.66	169.76
49	INDUSTRIAL GROUP (495)	196.78	+0.5	17.21	5.95	8.02	195.85	197.55	197.02	196.04	169.97
51	Oils (5)	432.57	+0.2	16.03	4.51	7.58	431.83	439.19	437.02	432.66	478.35
59	500 SHARE INDEX	216.60	+0.4	17.04	5.74	7.95	215.67	217.81	217.15	215.91	194.77
61	FINANCIAL GROUP (100)⊕	164.89	+0.1	—	5.50	—	164.74	166.09	165.89	164.65	140.15
62	Banks (6)⊕	186.33	+0.3	26.22	5.77	5.81	185.73	186.77	184.02	183.44	162.20
63	Discount Houses (10)	200.24	+0.8	—	8.25	—	198.55	195.46	193.11	194.06	173.34
64	Hire Purchase (5)	148.48	−0.7	12.53	5.39	11.80	149.60	150.66	150.95	150.57	121.35
65	Insurance (Life) (10)	137.55	+0.4	—	6.13	—	137.04	138.09	138.62	136.84	117.13
66	Insurance (Composite) (7)	129.20	—	—	6.52	—	129.20	130.91	131.91	130.47	116.27
67	Insurance Brokers (10)	340.39	+0.3	13.20	4.12	10.98	339.35	344.48	348.80	342.13	284.30
68	Merchant Banks (14)	76.46	−1.0	—	6.25	—	77.22	76.58	75.81	75.16	68.82
69	Property (31)	236.12	—	2.83	2.91	67.55	236.17	238.20	237.54	237.33	177.35
70	Miscellaneous (7)	106.19	−0.3	24.60	7.47	5.63	106.53	106.90	107.22	106.65	83.49
71	Investment Trusts (50)	181.27	—	3.52	5.25	28.39	181.35	181.34	181.39	179.71	170.78
81	Mining Finance (4)	87.52	−0.5	17.82	6.69	6.53	87.93	89.50	89.50	87.75	103.97
91	Overseas Traders (19)	273.55	—	17.00	7.16	7.32	273.48	273.83	272.82	270.36	274.58
99	ALL-SHARE INDEX (673)⊕	201.45	+0.3	—	5.72	—	200.80	202.63	202.12	200.81	181.09

FIXED INTEREST PRICE INDICES

	British Government	Thurs. Mar. 16	Day's change %	xd adj. To-day	xd adj. 1978 to date
1	Under 5 years	109.03	+0.04	—	2.10
2	5-15 years	122.62	+0.17	—	1.80
3	Over 15 years	130.22	+0.15	—	2.82
4	Irredeemables	145.38	—	—	1.78
5	All stocks	120.00	+0.11	—	2.11

FIXED INTEREST YIELDS — Br. Govt. Av. Gross Red.

			Thurs. Mar. 16	Weds. Mar. 15	Year ago (approx.)
1	Low Coupons	5 years	7.60	7.62	7.89
2		15 years	9.80	9.83	10.75
3		25 years	10.30	10.31	12.00
4	Medium Coupons	5 years	9.64	9.66	9.54
5		15 years	10.87	10.88	11.64
6		25 years	11.03	11.04	12.49
7	High Coupons	5 years	9.89	9.91	10.03
8		15 years	11.62	11.64	12.95
9		25 years	11.94	11.96	13.24
10	Irredeemables		10.14	10.14	12.26

		Thurs., March 16 Index No.	Yield %	Wed. Mar. 15	Tues. Mar. 14	Monday Mar. 13	Friday Mar. 10	Thurs. Mar. 9	Wed. Mar. 8	Tues. Mar. 7	Year ago (approx.)
15	20-yr. Red. Deb. & Loans (15)	60.00	12.17	61.00	60.96	60.96	60.55	60.42	60.57	60.37	52.28
16	Investment Trust Prefs. (15)	56.41	12.58	56.50	56.59	56.65	56.71	56.65	56.65	56.65	49.08
17	Coml. and Indl. Prefs. (20)	75.89	12.05	75.83	75.80	76.03	76.00	76.09	76.61	75.89	65.59

† Redemption yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A new list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London EC4P 4BY, price 13p, by post 22p. ⊕ Corrected March 14.

BASE LEND

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1977-78 high	1977-78 low
BP	£1	15	746	+2	966	720
Shell Transport	25p	11	500	+2	635	454
BAT Inds.	25p	9	305	—	308	233
GEC	25p	9	260	+2	284	163
ICI	£1	8	347	+2	446	325
Burmah Oil	£1	7	47	−2	63	41
Dunlop	50p	7	80	—	124	78
Beecham	25p	7	622	+12	693	372
Coats Patons	25p	7	70	—	83½	55
Commercial Union	25p	7	150	—	170	102
Distillers	50p	7	171	+1	193	120
Fisons	£1	7	333	+1	400	280
Grand Met.	50p	7	100	—	109	62
Marks & Spencer	25p	7	147	+2	173	96
Tate & Lyle	£1	7	198	+2	258	188

The above list of active stocks is based on the number of bargains recorded yesterday in the Official list and under Rule 163(1) (e) and reproduced to-day in Stock Exchange dealings.

RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid up	Latest Renunc. Date	1977/8 High	1977/8 Low	Stock	Closing Price p	+ or −	Div. Amount	Times Covered	Gross Yield	P/E Ratio
					NIL						

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1977/8 High	1977/8 Low	Stock	Closing Price £	+ or −
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Automated Secs. 8% Cnv. Cum. Pref.	[illegible]	[illegible]
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Bailey's of Yorkshire 10% Cum. Pref.	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Centreway 11% Cum. Pref.	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Greenall Whitley 8% Pref.	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Kensington & Chelsea 11½% 83-87	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Leicester Variable 1983	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Mid-Sussex Water 7% Red. Prf. 1983	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Peachey Prop. 10½% Cv. Uns. Ln. 1985-90	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Shell Int. Fin. N.V. Gtd. Notes 1990	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Sutton Dist. Water 7% Red. Prf. 1983	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Tameside Variable 1983	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Do. 10½% Red 1985	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Tyne & Wear 11% 1983	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Whitehouse (G.) 11% Cum. Pref.	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	York Water 11% Deb. 1985	[illegible]	[illegible]

"RIGHTS" OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1977/8 High	1977/8 Low	Stock	Closing Price p	+ or −
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Beaumont Properties	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Gyproc H. Industrials	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Manchester Garages	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Midland Bank	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Nu-Way	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Watmoughs	[illegible]	[illegible]

Renunciation date usually last day for dealing free of stamp duty. [illegible]

COMPANY NOTICES

HARMONY GOLD MINING COMPANY LIMITED
(Incorporated in the Republic of South Africa)
A Member of the Barlow Rand Group.

DIVIDEND DECLARATION

NOTICE IS HEREBY GIVEN that dividend No. 43 of 30 cents per share has been declared in South African currency payable to members registered in the books of the company at the close of business on 31st March, 1978. The register of members will be closed from 1st to 7th April, 1978, inclusive, and dividend warrants will be posted on or about 5th May, 1978.

The rate of exchange at which the dividend will be converted into United Kingdom currency for payment of the dividend from the office of the London Secretaries will be the telegraphic transfer rate of exchange between Johannesburg and London ruling on the first business day after 17th April, 1978 on which foreign currency dealings are transacted.

Where applicable South African non-resident shareholders' tax of 15% will be deducted from the dividend.

The full conditions of payment of this dividend may be inspected at or obtained from the Johannesburg or the London offices of the company.

By Order of the Board
RAND MINES, LIMITED
Secretaries
per A. H. Kaplan

Registered Office: 15th Floor, 63 Fox Street, Johannesburg 2001, P.O. Box 62370, Marshalltown 2107.

Office of the Company in the United Kingdom: Charter Consolidated Limited, 40 Holborn Viaduct, London EC1P 1AJ.

United Kingdom Registrars and Transfer Secretaries: Charter Consolidated Limited, P.O. Box 102, Charter House, Park Street, Ashford, Kent TN24 8EQ.

16th March, 1978.

INSURANCE, PROPERTY, BONDS

AUTHORISED UNIT TRUSTS

OFFSHORE AND OVERSEAS FUNDS

BASE LENDING RATES

.N. Bank	6½%	■ Hill Samuel §	6½%
ied Irish Banks Ltd.	6½%	C. Hoare & Co. †	6½%
erican Express Bk.	6½%	Julian S. Hodge	7½%
ro Bank	6½%	Hongkong & Shanghai	6½%
P Bank Ltd	6½%	Industrial Bk. of Scot.	6½%
ary Ansbacher	6½%	Keyser Ullmann	6½%
nco de Bilbao	6½%	Knowsley & Co. Ltd.	9 %
nk of Credit & Cmce.	6½%	Lloyds Bank	6½%
nk of Cyprus	6½%	London & European	8 %
nk of N.S.W.	6½%	London Mercantile	6½%
nque Belge Ltd.	6½%	Midland Bank	6½%
nque du Rhone	7 %	■ Samuel Montagu	6½%
rclays Bank	6½%	■ Morgan Grenfell	6½%
nett Christie Ltd.	8½%	National Westminster	6½%
mar Holdings Ltd.	7½%	Norwich General Trust	6½%
t. Bank of Mid. East	6½%	P. S. Refson & Co.	8½%
wn Shipley	6½%	Rossminster Acceptces	6½%
nada Permanent AFI	6½%	Royal Bk. Canada Trust	6½%
pitol C & C Fin. Ltd.	9 %	Schlesinger Limited	8½%
zer Ltd.	7 %	E. S. Schwab	8½%
lar Holdings	8 %	Security Trust Co. Ltd.	7½%
rterhouse Japhet	6½%	Shenley Trust	9½%
nlartons	8½%	Standard Chartered	6½%
E. Coates	7½%	Trade Dev. Bank	6½%
nsolidated Credits	6½%	Trustee Savings Bank	6½%
operative Bank *	6½%	Twentieth Century Bk.	7½%
rinthian Securities	6½%	United Bank of Kuwait	6½%
dit Lyonnais	6½%	Whiteaway Laidlaw	7 %
Cyprus Popular Bk.	6½%	Williams & Glyn's	6½%
ncan Lawrie §	6½%	Yorkshire Bank	6½%
il Trust	6½%		
glish Transcont.	8 %		
st London Secs.	6½%		
st Nat. Fin. Corpn.	8½%		
st Nat. Secs. Ltd.	8 %		
tony Gibbs	6½%		
yhound Guaranty	6½%		
ndlays Bank ‡	6½%		
nness Mahon	6½%		
mbros Bank	6½%		

■ Members of the Accepting Houses Committee.
* 7-day deposits 3%, 1-month deposits 3½%.
† 7-day deposits on sums of £10,000 and under 3%, up to £25,000 3½% and over £25,000 4¼%.
‡ Call deposits over £1,000 3%.
§ Demand deposits 4%.
¶ Rate also applies to Sterling Ind. Secs.

NOTES

Prices do not include $ premium, except where indicated ♦, and are in pence unless otherwise indicated. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b To-day's prices. c Yield based on offer price. d Estimated. g To-day's opening price. h Distribution free of U.K. taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ♥ Net of tax on realised capital gains unless indicated by ♦. ¶ Guernsey gross. ‡ Suspended. ♦ Yield before Jersey tax. † Ex-subdivision.

CLIVE INVESTMENTS LIMITED
1 Royal Exchange Ave., London EC3V 3LU. Tel.: 01-283 1101.
Index Guide as at 7th March, 1978 (Base 100 at 14.1.77.)

Clive Fixed Interest Capital	135.61
Clive Fixed Interest Income	122.63

CORAL INDEX: Close 453-458

INSURANCE BASE RATES

† Property Growth	7½%
♥ Vanbrugh Guaranteed	7.12%

* Address shown under Insurance and Property Bond Table

FT SHARE INFORMATION SERVICE

**BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1977-78 High	Low	Stock	£	+ or —	Yield Int.	Red.
104¼	97¾	Treasury 10½pc '78‡‡	101½		10.34	2.83
100⅛	90½	Exch 5pc '76-78‡†	99¾xd		5.03	6.07
107	95½	Treasury 11½pc '79‡‡	104⅜		11.03	6.89
97¼	84⅝	Treasury 3pc '79‡‡	96⅞xd	—⅛	3.10	5.18
98½	85⅘	Electric 4¼pc '74-79	97⅝xd		4.35	5.89
106⅞	92	Treasury 10½pc '79‡‡	103⅞		10.10	7.83
97½	84⅞	Electric 3½pc '76-79	96½		3.63	5.72
107	87¾	Treasury 9pc 1980‡‡	102		8.82	7.87
105¼	88⅜	Treasury 9½pc '80‡‡	102		9.31	8.47
96	82⅞	Treasury 3½pc '77-80	94¾		3.69	6.03
96¼	83¾	Funding 5¼pc '78-80‡‡	96⅛		5.46	7.14
112⅜	96⅝	Exchequer 13pc 1980‡‡	108⅞	+⅛	11.93	9.15
108⅞	92⅞	Treasury 11½pc 1981‡‡	105¾		10.87	9.13
94¼	77⅝	Treasury 3½pc 1979-81	91⅛		3.84	6.90
104	86⅞	Treasury 9¾pc 1981‡‡	101¾xd		9.58	9.08
97½	95¼	Exch 8¼pc 1981	97½xd		8.46	9.14
103½	97½	Exch 9½pc 1981	100¾	+⅛	9.43	9.24
92⅛	87½	Exch 3pc 1981	87¾		3.42	7.09
98¾	96⅕	Treas Variable '81‡‡	96¾		6.63	7.43
113⅞	96¼	Exch 12¾pc 1981‡‡	109⅞		11.62	9.55
100⅝	82⅞	Treas 8½pc '80-82‡‡	98⅛		8.67	9.10
73⅛	71⅝	Treasury 3pc '82‡‡	86⅝		3.48	7.06
119⅞	101⅞	Treasury 14pc '82‡‡	114⅛xd	+⅛	12.25	9.60
98½	95¾	Treas Variable '82‡‡	96		6.68	7.52
98⅝	93⅝	Treasury 8¼pc '82	95⅞	+⅛	8.60	9.42

هكذا من الأصل

INDUSTRIALS—Continued

INSURANCE—Continued

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING ADVERTISING

PROPERTY

INSURANCE

PROPERTY—Continued

SHIPBUILDERS, REPAIRERS

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

INV. TRUSTS—Continued

Finance, Land, etc

FINANCE, LAND—Continued

OILS

OVERSEAS TRADERS

RUBBERS AND SISALS

TEAS

India and Bangladesh

Sri Lanka

Africa

MINES

CENTRAL RAND

EASTERN RAND

FAR WEST RAND

O.F.S.

FINANCE

DIAMOND AND PLATINUM

MINES—Continued

CENTRAL AFRICAN

1977-78 High	Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's
210	70	Falcon Rh.50c	190	−5	Q50c	1.3	24.2
24	9	Rhod'n Corp. 16⅔p	19	−1	0.57	4.3	4.5
165	52	Roan Cons. K4	66				
164	115	Tanganyika 50p	122	−1	Q11.0	1.1	9.0
80	70	Do Pref. 80p	80		Q9%	16.4	9.0
42	27	Wankie Col. Rh.1	39	−1	Q7½c	1.6	16.4
27½	10	Zam Cpr SBD0.24	10½		—	—	—

AUSTRALIAN

1977-78 High	Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's
20	10	Acmex 25c	10				
127	57	Bougainville 50 Toea	90	−2	Q8c	1.4	5.6
128	62	BH South 50c	64	−2			
325	119	Conzinc Riotinto 50c	158		Q10c	ϕ	4.6
72	18	G.M. Kalgoorlie $1	68	−2			
112	77	Hampton Areas 5p	94	+1	1.45	4.3	2.5
35	10	Metals Ex. 50c	11	−½			
242	125	M.I.M. Hldgs. 50c	142		Q9c	1.7	3.6
105	10	Mount Lyell 25c	17				
2½	1	Newmetal 10c	2				
120	79	North B. Hill 50c	88		Q8c	1.5	5.6
12	4½	Nth. Kalgurli	11½				
150	87	Oakbridge $1	148		tQ11c	1.9	4.6
55	20	Pacific Copper	34		—	—	—
£13	575	Pancont 25c	800		—	—	—
19	8	Paringa M&Ex 5p	16½	−1	—	—	—
555	245	Peko-Wallsend 50c	468	−1	Q15c	4.8	
164	84	Western Mining 50c	103	−2	Q6c	1.4	3.6
75	35	Whim Creek 20c	50	−5	—	—	—

TINS

1977-78 High	Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's
39	18	Amal. Nigeria	24		[illegible]	[illegible]	[illegible]
395	240	Ayer Hitam SM1	270xd		[illegible]	0.9	[illegible]
57	25	Beralt Tin	52		3.75	2.3	[illegible]
260	155	Berjuntai SM1	220		tQ60c	ϕ	[illegible]
142½	65	Geevor	122½xd		18.05	3.4	22.6
13	8	Gold & Base 12½p	8½				
325	190	Gopeng Cons.	330		15.0	0.9	9.[illegible]
150	72	Hongkong	150				
100	60	Idris 10p	88		7.5	ϕ	12.[illegible]
11	7	Jantar 12½p	11				
85	50	Kamunting SM0.50	69		[illegible]	0.7	4.[illegible]
490	260	Killinghall	450		Q125	ϕ	2.[illegible]
410	217	Malay Dredging SM1	285xd		tQ95c	0.8	[illegible]
50	40	Pahang	50		tQ2.5	0.5	5.0
70	50	Pengkalen 10p	53		6.5	1.3	18.[illegible]
215	133	Petaling SM1	175		[illegible]	10.9	[illegible]
90	35	Saint Piran	50		g1.99	4.6	6.[illegible]
73	51	South Crofty 10p	51		[illegible]	1.5	10.4
210	77	South Kinta SM0.50	150		tQ7.8c	1.4	11.[illegible]
305	148	Sthn. Malayan SM1	248		[illegible]	1.1	11.[illegible]
160	57	Sungei Besi SM1	153	−1	—	—	—
64	19	Supreme Corp SM1	64		tQ10c	—	3.[illegible]
102	42	Tanjong 15p	98		3.5	ϕ	7.0
95	45	Tongkah Hrbr SM1	85		[illegible]	1.6	14.[illegible]
203	93	Tronoh SM1	173xd		tQ88c	ϕ	10.[illegible]

COPPER

1977-78 High	Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's
198	70	Messina R0.50	75		tQ30c	1.9	[illegible]

MISCELLANEOUS

1977-78 High	Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's
9½	4	Burma Mines 17½p	9		—	—	—
600	220	Cons. Murch. 10c	230		Q30c	ϕ	7.[illegible]
475	245	Northgate C$1	285	−5	—	—	—
247	164	R.T.Z.	178		18.5	q3.1	7.[illegible]
70	28½	Sabina Inds. C$1	32	−1	—	—	—
£14¼	770	Tara Exptn. $1	770		—	—	—
55	39	Tehidy Minerals 10p	45	..	1.21	2.5	4.1
160	120	Yukon Cons. C$1	140		Q7c	ϕ	2.[illegible]

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 34 per cent. and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- A Sterling denominated securities which include investment dollar premium.
- • "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- †† Unlisted security.
- ¢ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ** Free of Stamp Duty.
- ♦ Merger bid or reorganisation in progress.
- ♦ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- ♦ Forecast dividend, cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ♦ Regional price.
- ‖ No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. r Australian currency. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. D Cover and P/E ratio exclude profits of U.K. aerospace subsidiaries. E Issue price. F Dividend and yield based on prospectus or other official estimates for 1977-78. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1976-77. K Figures based on prospectus or other official estimates for 1978. M Dividend and yield based on prospectus or other official estimates for 1978. N Dividend and yield based on prospectus or other official estimates for 1979. P Dividend and yield based on prospectus or other official estimates for 1977. Q Gross. T Figures assumed. U No significant Corporation Tax payable. Z Dividend total to date. ϕϕ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.

"Recent Issues" and "Rights" Page 40

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £400 per annum for each security.

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Albany Inv. 20p	23	
Ash Spinning	43	
Bertam	16	
Bdg'wtr Est. 50p	285	
Clover Croft	22	
Craig & Rose £1	400	
Dyson (R. A.) A	41	
Ellis & McHdy	68	
Evans Fr'k 10p	57	
Evered	15½	
Fife Forge	47	
Finlay Pkg. 5p	19	
Graig Ship £1	150	
Higsons Brew	82	
I.O.M. Stm. £1	142	
Holt (Jos.) 25p	250	
N'thn. Goldsmith	56	
Pearce (C. H.)	129	
Peel Mills	17	
Sheffield Brick	46	
Sheff. Refrshmt.	51	
Shiloh Spinn.	22	
Sindall (Wm.)	82	

IRISH

Conv. 9% 80/82	£90¼	+¼
Alliance Gas	70	
Arnott	280	
Carroll (P. J.)	98	
Clondalkin	86	+1
Concrete Prods.	123	
Heiton (Hldgs.)	49	
Ins. Corp.	180	
Irish Ropes	133	
Jacob	55	
Sunbeam	30	
T.M.G.	190	
Unidare	72	

OPTIONS
3-month Call Rates

Industrials		I.C.I.	23	Tube Invest.	30
A. Brew	6½	"Imps"	7	Unilever	40
A.P. Cement	18	I.C.L.	20	Utd. Drapery	7½
B.S.R.	9	Inveresk	7	Vickers	15
Babcock	10	KCA	5	Woolworths	6
Barclays Bank	25	Ladbroke	17		
Beecham	38	Legal & Gen.	14	**Property**	
Boots Drug	15	Lex Service	7	Brit. Land	3¼
Bowater	16	Lloyds Bank	22	Cap. Counties	5
B.A.T.	24	"Lots"	5	E.P.	5
British Oxygen	6	London Brick	5	Intereuropean	4
Brown (J.)	20	Lonrho	7	Land Secs.	18
Burton 'A'	13	Lucas Inds.	25	MEPC	12½
Cadburys	5	Lyons (J.)	13	Peachey	10
Courtaulds	10	"Mams"	7	Samuel Props.	10
Debenhams	10	Mrks. & Spncr.	11	Town & City	3
Distillers	13	Midland Bank	25		
Dunlop	8½	N.E.I.	20	**Oils**	
Eagle Star	11	Nat. West. Bank	22	Brit. Petroleum	3[illegible]
E.M.I.	18	Do. Warrants	10	Burmah Oil	7
Gen. Accident	17	P & O Dfd.	10	Charterhall	3½
Gen. Electric	18	Plessey	6	Shell	28
Glaxo	40	R.H.M.	5	Ultramar	27
Grand Met.	9	Rank Org. 'A'	18		
G.U.S. 'A'	18	Reed Intl.	14	**Mines**	
Guardian	18	Spillers	4	Charter Cons.	11
G.K.N.	22	Tesco	4	Cons. Gold	20
Hawker Sidd.	20	Thorn	22	Rio T. Zinc	16
House of Fraser	12	Trust Houses	15		

A selection of Options traded is given on the London Stock Exchange Report page

FINANCIAL TIMES
FRIDAY MARCH 17 1978

Money supply growth down, but still above target

BY MICHAEL BLANDEN

THE growth of the money supply slowed down last month to a level more in line with the Government's aims, but the increase so far this year remains well above the target range.

The Bank of England announced yesterday that the sterling component of the money stock on the wider definition (M3) increased by £488m. or 1.1 per cent. after seasonal adjustments in the four weeks to mid-February.

This brought the rise over the first 10 months of the financial year to about 12 per cent.

The increase so far is equivalent to an annual rate of 14½ per cent., the same as in the first nine months and still well above the top end of the official target range of 9-13 per cent. for the year to mid-April.

With only another 1 per cent. to go within the ceiling over the remaining two months of the year, it will not be difficult to bring the growth over the year back within the target range, even if the Government maintains the increased sales of gilt-edged stocks achieved over the past week or so.

However, the indications are that no drastic action will be taken tow meet the 13 per cent. limit, provided the monthly figures appear to be running in line with the official aims.

These are the last full money supply statistics to be published before the Budget. The mid-March figures will appear two days after Budget day, and by then, they will have been overtaken by the new targets to be set by the Government. These are expected to adopt a three or six-month rolling formula, rather than the rigid annual rate used so far.

The rise last month, following the exceptional 2.3 per cent. jump in sterling M3 in January, is regarded as bringing the figures closer to the appropriate rate of growth. It was taken well by the gilt-edged market, where the underlying tone remained firm and further sales of the official tap stocks were made.

The main contribution to the February rise came from private sector bank borrowing. Sterling loans to the U.K. private sector rose by £371m. after seasonal adjustment, more than in each of the previous two months, but close to the earlier trend.

There was a jump of £296m. in sterling loans to overseas residents, partly accounted for by the switch of a greater proportion of export finance from the Government to the banks.

These increases were partly offset by a £255m. drop in the public sector's call on credit, with the central government's tax receipts leaving it in surplus, though gilt-edged sales were relatively modest.

This left a total domestic credit expansion of £412m. The external flows which form the other main counterpart to changes in sterling M3 were substantially lower at £138m., compared with £381m. in the previous month.

Editorial Comment Page 22
Table Page 7

Japan has record $1.92bn. surplus

BY CHARLES SMITH

TOKYO, March 16.

JAPAN'S TRADING and current account surpluses set new records on a seasonally adjusted basis in February for the second month running.

The current account surplus reached a seasonally adjusted level of $1.92bn., up from January's $1.56bn.—the previous record. The surplus on visible trade came to $2.45bn., after seasonal adjustment, compared with $2.16bn. in January.

Not surprisingly the figures coincided with another day of strong upward pressure on the yen in the Tokyo foreign exchange market.

The market finished the day at Y233 to the dollar, equivalent to the record set on Tuesday, but up 1½ points on the Wednesday closing rate.

Alarming

More alarming was that the yen at one point touched a Y232.30, before falling back as a result of intervention by the Bank of Japan.

ExPORTS

The foreign exchange market apparently ignored the tough measures introduced on Wednesday to prevent further speculative inflows of foreign money. It underlined the point that Japan's continuing surplus, rather than overseas speculation, is the main cause of yen appreciation.

The factors that produced the February surplus included a 4.7 per cent. rise in exports (on a seasonally adjusted dollar-denominated basis) over January and a 1.3 per cent. rise in imports.

The "crude" figures for Japanese imports and exports in February (that is, without seasonal adjustment) show exports rising 26 per cent. above February 1977 to $7.26bn. and imports up 9 per cent. to $4.93bn.

Realistic

In terms of yen (possibly a more realistic basis of assessment, given the depreciation of the dollar over the past year) exports were up 6 per cent. to Y17,453bn., while imports fell 9 per cent to Y11.852bn.

The February figure makes it certain that Japan's overall surplus for fiscal year 1977 (ending this month) will now be more than $12bn. and perhaps as high as $13bn.

The figures for the first two months of the year set a trend which diverges glaringly from the Government's forecast of a reduced surplus in the 1978 fiscal year.

THE LEX COLUMN

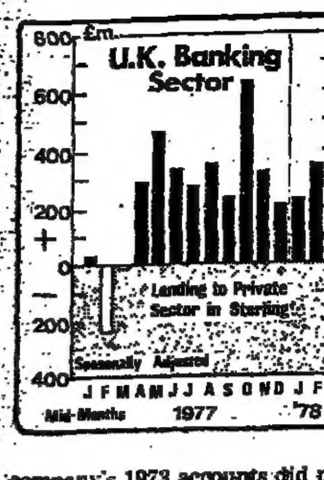
BP's variations on a theme

Confusion reigned supreme when the BP results were flashed over the Stock Exchange's TV screens yesterday. Was net income for the year £196.4m., against £179.8m., in 1976, or was it £304.1m? Fearing a loss in the final quarter, the market sent the shares skidding from an overnight 744p to 720p. But neither of the net income figures turned out to be relevant. The actual figure, on the basis on which all the analysts had been working, subsequently turned out to be £250.6m. That was no great shakes, implying only £40.3m. in the final three months, but it was well within the target range which had been adjusted downwards since Shell came out with its figures two weeks ago to take note of potentially large year-end currency adjustments, and of the highly depressed world market conditions ruling in the closing months of the year. With a late burst after hours, the shares actually finished 2p higher on the day at 746p.

There were two reasons for all the turmoil. First, it was not initially made clear that BP had charged an extraordinary debit of £54.2m. relating to the overseas capital gains tax claim mentioned in the last accounts, and since then agreed and paid. Secondly, it is switching over to a new E.D. 19-type reporting basis under which less tax is being charged and deferred. On this new presentation, net income before extraordinary items appears as £358.3m. against a corresponding £338.1m. for 1976. This change has been foreshadowed in recent quarterly statements, but the impact is much greater than might have been imagined on the basis of the December suggestion that the new basis would have added just £7m. to net income for the first nine months.

So, magically, earnings are not 65p a share but 93p, for a p/e of 8. But then, as recently as the time of the Government's offer last June expectations for 1977 were close to 90p even on the former acounting basis. And it does not look as though there will be an enormous advance in 1978, with the main impact of Alaska probably being deferred into the second half of 1979.

Index rose 4.4 to 458.3



Court Line

The Department of Trade inspectors' report on Court Line finds "on balance" that the company's 1973 accounts did not give a true and fair view. But, curiously, it is silent over whether the auditors, Robson Rhodes, should have issued a qualified report.

The inspectors make the point that it is not sufficient for a company to adopt an accounting treatment in arriving at the figure of profit and then to rely on disclosure of that treatment in the notes for the truth and fairness of the profit to be apparent. This is what Court Line was doing.

In the words of the inspectors: "Whenever there was a doubt about the possible methods of application of accounting practices, Court Line chose the method which reacted most favourably on the profit for the year." They go on to say that although Court Line could, and did, argue about the acceptability of individual accounting treatments when its 1973 accounts were taken as a whole they did not give the required view.

To-day—four years later almost to the day—when qualified audit reports are more common it is to be hoped that an auditor would qualify accounts such as Court Line's. It is, perhaps, easy to see this with hindsight. Those involved back in 1974 may have thought that some miracle—a major asset sale, possible—would save the company.

So the issue really is at what stage auditors should take action which they fear may damage the company and its shareholders. Sadly, yesterday's report gives us no insight into how auditors should solve such a dilemma. Without the fear of auditors that in the end creditors would be given redress the same thing could happen again in similar circumstances. Indeed Robson Rhodes announced yesterday that it is adhering to its 1974 opinion on Court Line accounts, based on the information then available "and in the climate and circumstances then prevailing."

Smith and Nephew

Although around half its profits are earned overseas, Smith and Nephew has suffered less than many U.K. companies from the appreciation of sterling. Despite a £2.2m. adverse swing in exchange rates, S and N's pre-tax profits are 23 per cent. ahead at £17.3m. and in the first quarter of 1978 profits are running roughly a fifth ahead of last year.

Fortunately, raw material costs rose nowhere near as fast in 1977 as they had in the previous year and S and N was able to push up its overseas prices to compensate for sterling's rise. The medical and health care activities continued to provide the profits mainstay—the contribution rose by 28 per cent. and sales volume was up by per cent. There was a substantial recovery on the plastics side and some improvement in the troublesome U.S. cosmetics operation, where the 1976 loss of £1.2m. was cut back to £0.5m. in 1977 and should be lower still this year. Now that the ill fated Gala Cosmetics deal is well behind it, S and N should resume its former steady growth pattern. At 60½p the shares yield 6.1 per cent.

Money supply

After last month's nervous gyrations over the money supply figures, the gilt-edged market was far more composed this time round. In February, sterling M3 rose by just over 1 per cent. but there was scarcely a ripple among gilt-edged prices yesterday afternoon and the Government Broker was able to supply both taps. The figures are bad—over the last six months M3 has been rising at an annual rate of 19 per cent.—but the gilt-edged market is getting bored with concentrating on the present monetary targets. It seems that M3 will not be brought back in bounds in this financial year, but the Budget is less than a month away, and the market is now much more interested in the colour of the new financial targets which will soon be announced by the Chancellor.

Wide range of injury payments proposed

By Eric Short

A COMPREHENSIVE system of compensation for motor injuries, irrespective of responsibility, is recommended by the Royal Commission on Civil Liability and Compensation for Personal Injury in its report published yesterday.

It envisages the scheme being administered by the Department of Health and Social Security and financed by a 1p levy on a gallon of petrol.

The Commission's other main recommendations are:

- Significant improvements in benefits through the Industrial Injuries Scheme for injuries at work.
- Additional child benefit payment of £4 a week at 1977 prices for severely handicapped children.
- Inflation-proofed periodic payments for damages for injury settled in or out of court, instead of lump-sum settlements.
- Tougher proposals for compensation for injury arising from defective goods or services.

The report was given a cool reception by Mr. James Callaghan, Prime Minister, who told the Commons that the cost of implementing the recommendations could be considerable.

However Lord Pearson, chairman of the Commission, said net costs were low. The extra cost to social security payments would be about 1 per cent. of benefits.

The TUC welcomed the higher industrial injury payments but regretted the omission of a system penalising employers with a poor safety record, as it had suggested. The British Insurance Association and Lloyd's generally favoured the report, but the RAC sharply criticised the proposal for a levy on petrol prices.

Editorial comment Page 22

Doctors in dispute over pension plan for staff

BY DAVID CHURCHILL

A ROW broke out last night between doctors and civil servants over a private pensions scheme for doctors' staff which could have left the Government liable for several million pounds a year in contributions to private insurance companies.

The General Medical Services Committee of the British Medical Association accused the Department of Health and Social Security of reneging on a previous agreement to fund fully private pensions schemes as an alternative to the new State scheme from April 6.

Dr. Anthony Keable-Elliott, chairman of the committee, claimed yesterday that a Parliamentary answer on the issue from Mr. Roland Moyle, Health Minister, was "not true."

The Department had originally agreed on February 15 to refund contributions to private schemes for doctors' staff in existence before April 1. This was because it felt some staff, such as receptionists, might be unfairly treated under the new state scheme in comparison with equivalent National Health Service staff.

However, the medical insurance industry quickly realised that the agreement enabled it to sell attractive pensions schemes to doctors on the basis that the contributions would be funded by the Government.

Unofficial estimates of the potential liability for the Government of this suggested an annual funding of some £5m.

When the department realised what was happening it brought forward the closing date from April 1 to March 6 following a meeting with the committee on March 2. The doctors were unhappy at this but believed that all schemes agreed before March 6 would be fully funded by the Government.

However, a letter from the department this week to the committee said that, as agreed by the profession, only "reasonable" schemes agreed between February 16 and March 6 would be honoured by the Government.

By reasonable, the department is understood to mean schemes which have a 13.5 per cent. of salary contribution from both employer and employee, the same as for health service contributions.

Dr. Keable-Elliott denied yesterday that the Committee had agreed to the department's decision to reimburse only reasonable schemes. He claimed that this condition had been brought in only this week. But the department said last night that this had been agreed at the March 2 meeting.

In addition, Dr. Keable-Elliott said that Mr. Moyle's Parliamentary answer earlier this week that the profession had agreed there had been no intention of including new schemes was "not true." He was writing to Mr. David Ennals, Social Services Secretary, asking for the original agreement to be honoured.

Nurses seek pay compensation deal

BY PAULINE CLARK, LABOUR STAFF

BRITAIN's 420,000 nurses and midwives, who believe the nature of their work denies them the chance to earn productivity payments under the Government's wage guidelines, are demanding compensation.

The demand is included in a claim for "substantial" wage rises plus a 12-point list of improvements in fringe benefits. It is believed to be the first time a productivity substitute has appeared in a wage claim since the Government gave the go-ahead for self-financing productivity deals in its pay White Paper last July.

Other groups which have found difficulty in justifying such deals because of the type of work they do have sought recompense through more orthodox fringe claims. But the Department of Employment said yesterday that it had "never heard of such a thing as compensation before."

The nurses, whose pay anniversary falls next month, have decided not to seek productivity payments for "professional and ethical reasons."

Mr. David Williams, assistant general secretary of the Confederation of Health Service Employees and chairman of the staff side of the nurses' Whitley Council said yesterday that neither the nurses nor patients would be at ease with such a scheme. "You can't speed up hospital care."

Ministers would have to decide whether compensation could be allowed under the guidelines. The unions will argue the point at a meeting of all eight health service unions next week.

The unions point out that many qualified nurses earn less than ward orderlies because of the bonuses paid to ancillary health service workers.

Average weekly earnings for Group 3 in ancillary grades (which is third from the bottom and includes ward orderlies) are put at £55.62 for women and £63.05 for men since a wage rise last December, while average earnings for a staff nurse after three years training are the equivalent of £64.50 a week—and many earn less.

Heavy lorries 'have best safety record'

HEAVY LORRIES had a safety record far better than any other category of vehicle, Mr. Ian Phillips, president of the Freight Transport Association, said yesterday.

It was five times as good as buses and nearly half as good again as private cars, he told the association's Greater Manchester division in Handforth.

Standards had improved immeasurably over the past 10 years. There had been a reduction of 50 per cent. in the number of defective vehicles found at Transport Ministry spot checks and the same trend of improvement on annual test.

Steel buyers want single voice

BY ROY HODSON

TRADE ASSOCIATIONS of more than 20 British steel-using industries meeting in London yesterday supported the formation of a single body to represent them in negotiations with steelmakers and with the European Commission.

The initiative for such a body came from Viscount Etienne Davignon, European Industry Commissioner. During negotiations over his steel crisis plan, he decided British industrialists needed to be able to speak with one voice about their problems with steel supplies.

"Steel-users have reacted strongly to the Davignon plan and feel they are 'boxed in' to a producers cartel," said Mr. Laurence Kelly, vice-chairman of the British Iron and Steel Consumers Council.

Sir Richard Marsh, chairman of the council, presided yesterday. His association already has in membership some big steel users including the motor industry and the construction industry.

Altogther the council's members handle about 9m. ingot tonnes a year—half the steel used in Britain. It is likely that the council will be enlarged as the body to represent other trade associations in the steel-using industries.

The industries represented yesterday included the agricultural engineers, ballbearing manufacturers, boiler manufacturers, chemical engineers, domestic appliance makers, general engineers, machine tools, mechanical handling, metallurgical plant, offshore operators, petroleum equipment makers, pump makers, the railway industries and steel castings.

Conference report, Page 7

Probe possible on water plan

OPPOSITION to a £2.2m. scheme for raising the level of Ennerdale by four feet to supply water to West Cumbria was re-affirmed yesterday by the Lake District special planning board.

A public inquiry on the North West Water Authority's scheme, already opposed by the Countryside Commission, Friends of the Lake District and other amenity organisations, seems inevitable.

Mason set for discussion on Ulster policies

BY GILES MERRITT IN DUBLIN

MR. ROY MASON, the Northern Ireland Secretary, is to travel to Dublin next week for a wide-ranging discussion of Ulster policies with Mr. Michael O'Kennedy, the Republic's Foreign Minister.

It is hoped that their meeting will reduce tension in Anglo-Irish relations and provide the basis for further talks on Ulster when Mr. James Callaghan and Mr. Jack Lynch the Republic's Prime Minister meet in Copenhagen early next month at the EEC Summit.

The Mason-O'Kennedy talks will take place against the background of a fresh initiative on Northern Ireland by prominent U.S. politicians.

In a statement timed to coincide with St. Patrick's Day, a group of senior Democrats have called for "more effective leadership by the British Government" to end the "festering stalemate"

British officials in Belfast said last night that the tone of the statement did not disguise the U.S. leaders' desire to help promote a lasting settlement. But the statement also declared: "All of us share the great goal of Irish unity."

U.S. Senator's attack, Page 7

More backing for 2%

BY MARGARET VAN HATTEM

STRASBOURG, March 16.

THE EUROPEAN Parliament to-day fell in line with the EEC Commission's farm price proposls for 1978-79 and voted for an average 2 per cent. increase in community farm products, with a price freeze on those products chronically in surplus.

The vote came at the end of a two-day debate on farm prices, during which a report by the Parliament's agriculture committee was substantially amended. The committee had originally recommended a 5 per cent. increase, a move passionately attacked by Mr. Finn Olav Gundelach, the Agriculture Commissioner, and rejected by Mr. Mark Hughes (Lab. Durham), rapporteur for the committee.

Both Mr. Hughes and Mr. Gundelach were delighted by to-day's vote, despite the fact that half the members of parliament were absent at the time, thus robbing it of most of its significance.

Weather

U.K. TO-DAY

SHOWERS in most districts, mainly falling as sleet or snow.

London, Cent. S., N.W. and Cent. N. England, Midlands, Lakes, S.W. Scotland, Channel Is.

Isolated snow showers. Max. 4-5 C (39-41 F).

S.E., E. and N.E. England, E. Anglia, Borders, Cent. Highlands, N.E. Scotland, Orkney, Shetland

Bright intervals, snow showers. Max. 3 C (37 F).

N.W. Scotland

Bright intervals, snow showers. Max. 4 C (39 F).

S.W. England, Wales, Isle of Man, N. Ireland

Sunny intervals, wintry showers on north facing hills. Wind north or northwest moderate or fresh. Cold Max. 5-6 C (41-43 F).

Outlook: Dry with sunny intervals.

BUSINESS CENTRES

		Y'day mid-day °C	°F			Y'day mid-day °C	°F
Amstdm.	R	5	41	Madrid	F	10	50
Athens	S	17	63	Manchstr.	F	5	41
Bahrain	S	22	72	Melbourne	C	17	63
Barcelona	C	14	57	Mexico C.	R	13	55
Beirut	S	7	45	Milan	C	11	52
Belfast	R	3	37	Montreal	S	−5	24
Belgrade	F	15	59	Moscow	F	6	43
Berlin	R	10	50	Munich	F	12	55
Brmghm.	F	5	41	Newcastle	Sl	3	37
Bristol	F	5	41	New York	Sn	2	36
Brussels	F	8	46	Oslo	Sn	−7	19
Budapest	S	12	54	Paris	F	9	48
B. Aires	C	26	79	Perth	R	24	75
Cairo	S	24	75	Prague	C	13	55
Cardiff	F	5	41	Reykjavik	S	1	34
Chicago	C	1	34	Rio de J'o	S	30	86
Cologne	C	8	46	Rome	F	16	61
Copnhagn.	R	4	39	Singapore	S	29	84
Dublin	C	4	39	Stockholm	Sn	−6	21
Edinburgh	C	4	39	Strasbrg.	C	11	52
Frankfurt	C	10	50	Sydney	F	25	77
Geneva	C	9	48	Tehran	S	15	59
Glasgow	F	5	41	Tel Aviv	S	17	63
Helsinki	Sn	−9	16	Tokyo	S	11	52
H. Kong	C	17	62	Toronto	C	−6	21
Jo'burg	C	24	75	Vienna	F	11	52
Lisbon	R	13	55	Warsaw	C	11	52
London	C	4	39	Zurich	C	11	52
Luxemb'g	C	5	41				

HOLIDAY RESORTS

		Y'day mid-day °C	°F			Y'day mid-day °C	°F
Ajaccio	F	15	59	Jersey	C	5	41
Algiers	S	21	70	Las Pims.	S	20	68
Biarritz	C	9	48	Locarno	R	5	41
Blackpool	F	5	41	Majorca	S	16	61
Bordeaux	C	7	45	Malaga	S	18	64
Boulogne	C	4	39	Malta	S	18	64
Casablnca.	F	15	59	Nairobi	R	23	73
Cape Town	S	25	77	Naples	F	14	57
Corfu	S	16	61	Nice	C	14	57
Dubrovnik	S	14	57	Nicosia	F	17	63
Faro	C	14	57	Oporto	C	12	54
Florence	F	15	59	Rhodes	C	15	59
Funchal	F	15	59	Salzburg	S	13	55
Gibraltar	F	17	63	Tangier	F	14	57
Guernsey	F	5	41	Tenerife	S	16	61
Innsbruck	F	12	54	Tunis	S	18	64
Inverness	C	3	37	Valencia	F	15	59
Isle of Man	C	4	39	Venice	C	11	52
Istanbul	R	10	50				

R—Rain. Sn—Snow. S—Sunny. C—Cloudy. Sl—Sleet. F—Fair.

Shetland votes for safeguards

BY ANTHONY MORETON, REGIONAL AFFAIRS EDITOR, IN LERWICK

NINE out of 10 Shetlanders want a special commission to safeguard the islands' position if Scotland votes for devolution, according to the largest poll recorded in the islands.

The result, out yesterday, represents large backing for the local council's stand on devolution. In the postal ballot, supervised by the Electoral Reform Society, 14,242 papers were sent out and 10,227—or 71.5 per cent.—returned.

That compares with a normal 40 per cent. poll in the islands' local elections and one of just over 50 per cent. in the EEC referendum.

Voters were asked: In view of the proposals for devolution for Scotland, do you agre that the Shetland Islands' Council should continue to press for Shetland's position to be considered through the establishment of a commission, as proposed by Mr. Grimond? [Mr. Jo Grimond is the Liberal MP for Orkney and Shetland.]

Of the 10,227 papers returned, and 9,162 said "yes." Only 1,028 voted "no," with 37 spoiled

The result is not necessarily a vote against devolution, but the strength of support given to the council will be a blow to the Government.

Mr. Bruce Millan, Scottish Secretary, is to visit Lerwick after Easter to discuss the islands' position. He believes there are adequate safeguards in the Bill to protect Shetland's potision within a developed Scotland and is fighting hard to do this.

Before he sets out for Lerwick, though, he will be visited in London next week by Mr. A. I. Tulloch, convenor of the islands' council, Mr. Grimond and Mr. Ernest Urquhart, the council's chief executive.

Mr. Urquhart said: "We have a long-standing problem which we want Westminster to look at before devolution. If Scotland was devolution, that is fine. We are not against it. But we have our problems and we want the Government to act on them. We want a commission now."

Mr. Millan now has to consider whether to bow to pressure from the islands and set up a commission immediately or sit it outand risk the chance of the Shetland's opting out of a devolved Scotland,

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